

County of Hawaii

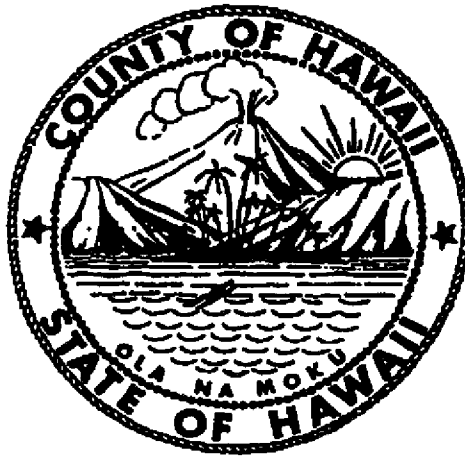
State of Hawaii



Comprehensive Annual Financial Report
For the Fiscal Year
July 1, 2019 to June 30, 2020

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2020



COUNTY OF HAWAII Hilo, Hawaii

Harry Kim
Mayor

Roy Takemoto
Managing Director

Prepared by
The Department of Finance
Deanna Sako
Director of Finance

COUNTY OF HAWAII
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2020

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FINANCIAL SECTION

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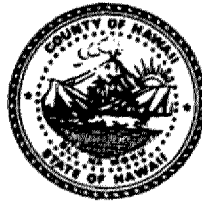
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INTRODUCTORY SECTION



County of Hawai'i

Finance Department

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(808) 961-8234 • Fax (808) 961-8569

December 30, 2020

The Honorable Mayor and Members of the Council
County of Hawai'i
25 Aupuni Street
Hilo, Hawai'i 96720

We transmit herewith the Comprehensive Annual Financial Report for the County of Hawai'i, State of Hawai'i (the County), for the fiscal year July 1, 2019 to June 30, 2020.

This report was prepared by the County's Department of Finance. The accuracy of the financial statements and the completeness and fairness of their presentation are the responsibility of the County government. We believe the enclosed data are complete and accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the County. All disclosures necessary to convey the maximum understanding of the County's financial activities have been included. Management's discussion and analysis is also included to aid users of the financial statements.

This report presents the financial position of the County of Hawai'i at June 30, 2020 and results of operations for the fiscal year then ended. The report is divided into three sections:

- The Introductory Section includes this transmittal letter, a Certificate of Achievement for Excellence in Financial Reporting, the County of Hawai'i's organization chart and lists of elected and principal officials.
- The Financial Section contains management's discussion and analysis, the basic financial statements, related notes, the combining and individual fund budgetary financial statements, and the independent auditors' report.
- The Statistical Section includes selected financial and demographic information, generally presented on a multi-year basis.

This report includes all funds of the County of Hawai'i, including its component unit, the Department of Water Supply, established by the County Charter as a semi-autonomous body of the County government. This component unit is included in the County's reporting entity because of its financial relationship with the County.

Hawai'i County is an equal opportunity provider and employer.

The County provides a full range of municipal services. These include police and fire protection; emergency medical care; public prosecutor; culture and recreation; sanitation; social services; water; planning and zoning; construction and maintenance of highways, streets and infrastructure; real property assessment and tax collection; and general administrative services. However, the County does not provide such other traditional services as public education, hospitals and courts. These services are provided by the State government.

The County consists of the island of Hawai‘i, 4,028 square miles in size. It is twice as large as the combined area of all the other inhabited islands in the Hawaiian Archipelago. Since there is no other local or municipal government within the County, there are no overlapping taxes and no overlapping debt. The County has an elected mayor and a nine-member council.

Economic Condition and Outlook

The island of Hawai‘i, commonly known as the Big Island, is located 214 miles from Honolulu, the state capital; 2,200 miles from the west coast of the continental United States; and 4,000 miles from Japan. The city of Hilo on the east side of the island serves as the county seat as well as the transportation and financial center for the Big Island. Hilo’s infrastructure includes Hilo Harbor, a deep-water port, and Hilo International Airport, which is capable of handling fully-loaded wide-bodied aircraft. Kailua-Kona and South Kohala, major tourist destination areas on the west side of the Big Island, are served by flights from the United States mainland, Canada and now Japan through the Kona International Airport. Scheduled freight services are available between the islands by air and sea transport. Communities on the island are linked by a network of State and County maintained streets and highways.

The Big Island is the most diversified of the neighbor island economies. As a result it is buffered to some extent when any one industry lags. Although the unemployment rate for the County for the current fiscal year is at approximately 13.2 percent, it preliminarily decreased to 9.8 percent as of November 2020, which is according to the State of Hawai‘i Department of Labor and Industrial Relations Office of Labor and Statistics.

In addition to the mild climate and natural beauty it shares with other areas in the state, the County features the Hawai‘i Volcanoes National Park, in addition to four other national parks that focus on Hawaiian culture and history.

Tourism has always been one of the major industries on the island. In fiscal year 2019, the County suffered from two natural disasters, Hurricane Lane and a volcanic eruption in the community of Puna, which took a toll on the island’s visitor industry. Even with the halting of volcanic activity during the fiscal year, efforts continue within the County and impacted community to deal with the devastation and devise plans for recovery. Despite sensational headlines that described the island as being covered with molten lava, the island has remained open for business.

Then as the County was beginning to recover, COVID-19 began to spread throughout the world and on January 30, 2020 the World Health Organization declared a Public Health Emergency of International Concern. The County, as well as the rest of our nation, was challenged to balance decreasing revenues from all major sources with increasing expenditures incurred in response to dealing with the public health crisis facing the community. In order to aid the state and local

governments in their struggle, the federal government passed the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), which awarded the County with \$80 million to address medical, public health, economic support and other emergency response costs resulting from COVID-19.

Major Initiatives

For the Year

Public Safety – The Hawai‘i Police Department faced significant challenges during fiscal year 2020, one of which was the COVID 19 pandemic, which brought about some unique challenges and responsibilities for the police department.

The Hawai‘i Fire Department had a number of significant accomplishments throughout fiscal year 2019-20. By hosting multiple overlapping recruit classes, the Department achieved nearly full staffing for the first time in a number of years. From the onset of the COVID-19 pandemic, the Hawai‘i Fire Department led the County’s prevention and education task force, which established and implemented safety protocols to keep the local businesses open, while simultaneously reducing the COVID-19 risk to the community.

Public Works – With a project cost of \$14 million, the Prosecuting Attorney’s Office at the West Hawai‘i Civic Center was completed. With the recent opening of the judiciary building in Kailua-Kona, it was convenient to have the Prosecuting Attorney’s office nearby to reduce the traveling time.

The Highways division started the process of implementing Geographic Information Systems (GIS) to improve data collection and workflow processes throughout operations. The program integrates with public safety and civil defense departments, and provides for better overall coordination between agencies.

Culture and Recreation – Parks and Recreation opened Kuawa Street park fields for use. The park includes a baseball/softball and multipurpose field. The Department provided response to the COVID-19 pandemic by developing policy and rules for safe facility use and the development and implementation of modified programs, such as the emergency meal plan for our elderly and Summer Fun programs for our youth.

For the Future

Public Safety – With the acquisition of equipment, the Police Department plans to implement the Department’s Body Worn Camera (BWC) program in the upcoming fiscal year FY 21. The Department will continue to strive towards the construction of a combined Fire and Police Dispatch Center, which is currently in the bid proposal phase.

Public Works - DPW is currently working on the following County and Statewide Transportation Improvement Program (STIP) projects:

- The Kalanianaʻole Avenue Reconstruction project (Kanoelehua Avenue to Kuhio Street) is valued at \$18.4 million. The project is in collaboration with the State Department of Transportation (DOT) and includes multi-use accessibility and the enhancement of roadway capacity, operations and safety for motorists, bicyclists and pedestrians. The work involves the widening of Kalanianaʻole Avenue to add for a concrete curb, gutter and sidewalk, a paved shoulder, bicycle lanes, utility relocation and the installation of a new waterline. The project is expected to be complete during the second quarter of 2021.
- Originally built in 1937, Aliʻi Drive culvert is being demolished due to being structurally deficient. The new properly-sized structure will provide a wider stream flow opening, a longer span and wider lane bridge with wider shoulders for pedestrians and bicyclists while reducing area flood hazards. With an estimated cost of \$8.97 million, the new bridge will feature two 16-foot wide travel lanes, two 7-foot wide sidewalks, and new guardrails.

Culture and Recreation - The Department will continue to provide emergency meals, modified programs, recreational opportunities and continue the maintenance and sanitization operations, while adhering to government proclamations and guidelines as the pandemic continues.

Other Financial Information

Internal Control

The management of the County is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the County are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Budgetary Control

The County maintains budgetary controls to ensure that legal provisions of the annual budget are complied with and that those expenditures do not exceed budgeted amounts.

Activities of the general fund and special revenue funds are included in the annual appropriated operating budget. Project-length financial plans are adopted for the capital projects fund. Budgetary control is established at the department level.

Formal budgetary integration is employed as a management control device for the general fund, special revenue funds, and the capital projects fund. Budgetary control for the debt service fund is achieved through general obligation bond indenture provisions.

The basis of accounting used for the budgets of the general and special revenue funds differs from generally accepted accounting principles. Intergovernmental revenues are recognized when awarded by the granting agency, encumbrances and unexpended allotments are treated as expenditures for purposes of determining legal compliance with the annual budget, all leases are treated as operating leases, and accounts payable are not accrued.

The County also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbrances outstanding at fiscal year end are included in the various fund balance categories based on whether the resources are restricted, committed or assigned and do not constitute expenditures or liabilities because they will be honored during the following year. As demonstrated by the statements and schedules included in the financial section of this report, the County continues to meet its responsibility for sound financial management.

Significant Accounting Policies

The County has implemented Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity* (GASB Statement No. 14), Statement No. 39, *Determining Whether Certain Organizations Are Component Units* (GASB Statement No. 39) and Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and 34* (GASB Statement No. 61). All organizations, activities or functions that meet the criteria in GASB Statement No. 14, No. 39 and No. 61 for inclusion in the reporting entity are included in the County's basic financial statements. For further discussion on other significant accounting policies, refer to the notes to the basic financial statements.

Financial Highlights

Total revenues increased by \$68.0 million from the prior year, which was mostly due to property taxes increasing by approximately \$17.5 million. Most notably, there were increases in the value of net taxable buildings of \$1.0 billion, with the largest increase occurring in the residential class of \$832 million. Second, there was an increase of \$23.0 million from the prior year in revenues from the general excise tax surcharge. The surcharge was in effect for 12 months in the current fiscal year as compared to only 6 months in the prior year and the rate also doubled in the last 6 months of the current fiscal year from 0.25% to 0.50%. With a 13.0 percent (\$68.0 million) increase in revenues that was offset by a 6.0 percent (\$33.2 million) increase in expenses, the County experienced an increase in net position of \$23.0 million, which represented a 296.1% (\$34.8 million) increase over the prior year's decrease in net position.

The County's net investment in capital assets increased by \$25.5 million from the prior year, which represented a 2.9 percent increase. New and continued construction projects in the areas of highways and streets and sanitation accounted for the majority of the increase.

Other Information

Independent Audit

The County Charter requires an annual audit by independent certified public accountants. N&K CPAs Inc. was selected in accordance with the County Charter and the procurement provisions of the Hawaii Revised Statutes (HRS) and Hawaii Administrative Rules (HAR) to perform the audit.

Employee Union Contracts

County employees are members of eight different bargaining units, of which all have contracts that expire on June 30, 2021.

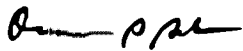
Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Hawai'i for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019. This was the thirty second consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

The preparation of this report was made possible by the efficient and dedicated services of the entire staff of the Department of Finance and fiscal personnel in other departments. I am grateful for their help in preparing this report. I also thank the Mayor and the members of the County Council for their interest and support in assuring the continuing sound financial condition of the County of Hawai'i.



Deanna Sako
Director of Finance



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**County of Hawaii
Hawaii**

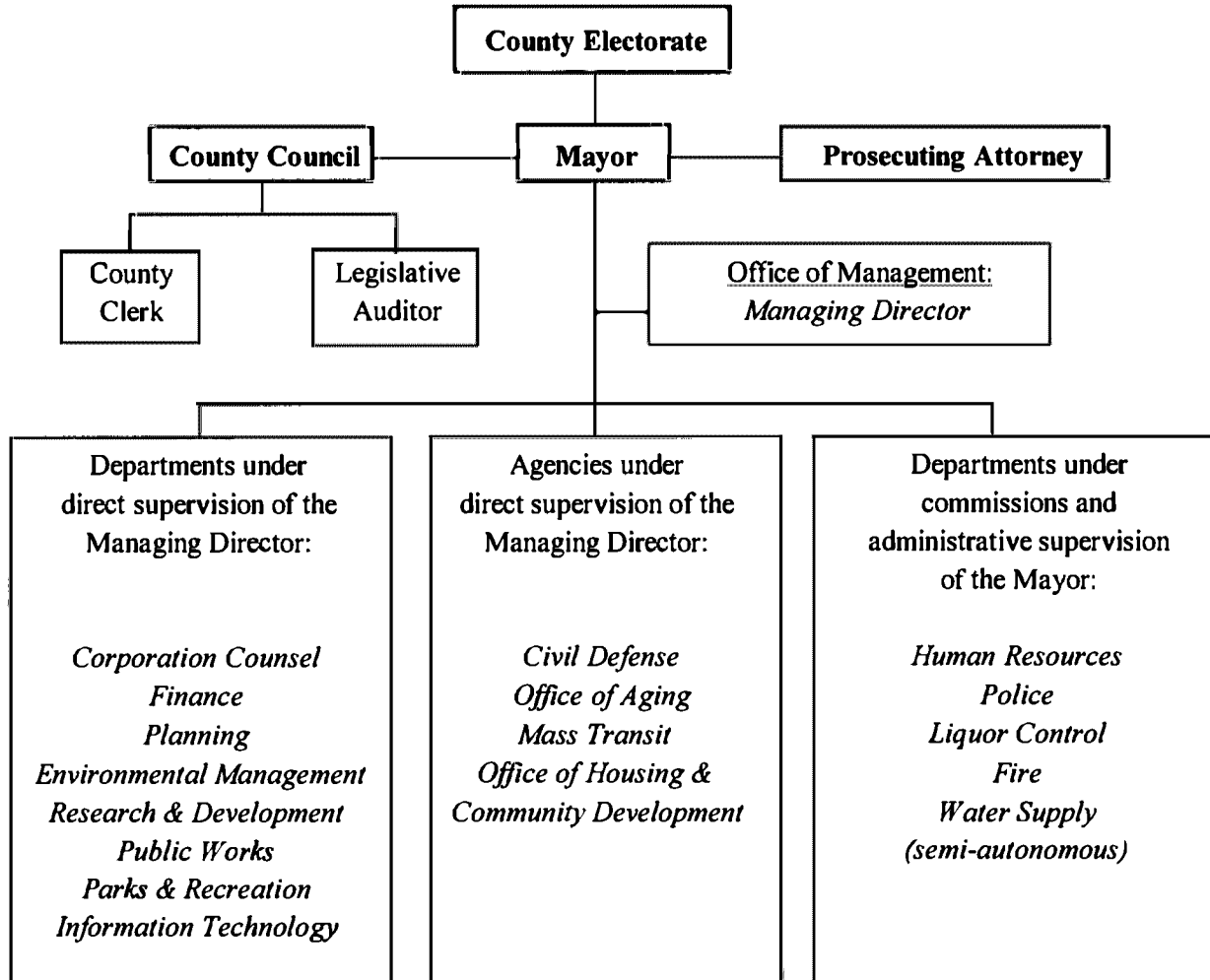
For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO

County of Hawaii Organization Chart



**County of Hawaii
Elected Officials**

June 30, 2020

Administrative Officers (Term: 2016-2020)

Harry Kim

Mayor

Mitchell Roth

Prosecuting Attorney

County Council (Term: 2018-2020)

Aaron S.Y. Chung

Chair

Karen Eoff

Vice Chair

Maile “Medeiros” David

Member

Matt Kaneali‘i-Kleinfelder

Member

Ashley L. Kierkiewicz

Member

Susan L. K. Leeloy

Member

Valerie T. Poindexter

Member

Herbert M. “Tim” Richards, III

Member

Rebecca Villegas

Member

Principal Officials

June 30, 2020

County Clerk	Jon Henricks
Legislative Auditor	Bonnie Nims
Managing Director	Roy Takemoto
Deputy Managing Director	Barbara Kossow
Corporation Counsel	Joseph Kamelamela
Director of Finance	Deanna Sako
Planning Director	Michael Yee
Director of Personnel	William Brilhante Jr.
Director of Research and Development	Diane Ley
Chief of Police	Paul Ferreira
Fire Chief	Darren Rosario
Director of Public Works	David Yamamoto
Director of Environmental Management	William Kucharski
Parks and Recreation Director	Roxcie Waltjen
Manager-Chief Engineer, Department of Water Supply	Keith Okamoto
Civil Defense Administrator	Talmadge Magno
Director of Liquor Control	Gerald Takase
Mass Transit Administrator	Brenda Carreira
Executive on Aging	William Farr III
Administrator, Office of Housing and Community Development	Duane Hosaka
Director of Information Technology	Julie Ung

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Chair and Members of the County Council
County of Hawai'i

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Hawai'i, State of Hawai'i (County), as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Hawai'i, State of Hawai'i, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the general fund for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 14 through 24), schedule of changes in the net OPEB liability and related ratios (pages 103 through 105), schedule of contributions (OPEB) (pages 106 through 108), schedule of the County's and Department's proportionate share of the net pension liability (ERS) (page 109), schedule of the employer pension contributions (ERS) (pages 110 through 111), and schedule of changes in total pension liability (page 112), be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and budgetary comparison schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such

information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and budgetary comparison schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2020, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

N&K CPAs, Inc.

Honolulu, Hawai'i
December 30, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the County of Hawai'i's (the County) Comprehensive Annual Financial Report presents a narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

FINANCIAL HIGHLIGHTS

- The assets of the County exceeded its liabilities at the end of the fiscal year by \$153.0 million (net position). This amount includes a negative balance of \$834.5 million in unrestricted net position, a decrease of \$13.6 million from the prior year, which is explained in the sections below. This amounts also includes \$206.9 million and \$21.4 million in deferred outflows and inflows of resources, respectively.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$251.0 million, an increase of \$26.6 million from the prior year. Approximately 40 percent of this total amount, \$88.9 million, is available for spending at the County's discretion (unrestricted fund balance).
- At the end of the current fiscal year, unrestricted fund balance for the general fund was \$61.4 million, or 72 percent of total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: (1) **Government-wide** financial statements, (2) **Fund** financial statements, and (3) **Notes** to the basic financial statements. This report also contains both required and other **supplementary information** in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The **statement of net position** presents information on all of the County's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether or not the financial position of the County is improving or deteriorating.

The **statement of activities** presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, such as revenues pertaining to uncollected taxes and expenses pertaining to earned but unused vacation and sick leave.

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include public safety, highways and streets, health, education and welfare, culture and recreation, sanitation and general government. The business-type activities of the County include rental housing for senior citizens and families.

The government-wide financial statements include not only the County itself (known as the primary government), but also the Department of Water Supply, a legally separate entity that the County is financially accountable for. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

Fund Financial Statements

The fund financial statements are designed to report information about groupings of related accounts which are used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into the following three categories: **governmental funds**, **proprietary funds**, and **fiduciary funds**.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements – i.e., most of the County’s basic services are reported in governmental funds. These statements, however, focus on (1) how cash and other financial assets can readily be converted to available resources and (2) the balances left at year-end that are available for spending. Such information may be useful in determining what financial resources are available in the near future to finance the County’s programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government’s near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains several individual governmental funds organized according to their type (general, special revenue, debt service, and capital projects). Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund and capital projects fund, which are considered to be major funds. Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The County adopts an annual appropriated budget for its general fund and special revenue funds. A budgetary comparison statement has been provided for these funds to demonstrate compliance with this budget. The budgetary comparison statement for the general fund is located in the basic financial statements, whereas the budgetary comparison schedules for the nonmajor special revenue funds are presented elsewhere in this report.

Proprietary funds. Proprietary funds are generally used to account for services for which the County charges outside customers. Proprietary funds provide the same type of information as shown in the government-wide financial statements, only in more detail. The County maintains only one type of proprietary funds, enterprise funds. **Enterprise funds** are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for the operations of the Kulaimano Elderly Housing Project and the Ouli Ekahi Affordable Housing Project.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the County. The private-purpose trusts and the agency funds are reported under the fiduciary funds. Since the resources of these funds are not available to support the County's own programs, they are not reflected in the government-wide financial statements. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, which is presented immediately following the notes to the basic financial statements. The combining statements referred to earlier in connection with nonmajor governmental funds and budgetary comparison schedules for the nonmajor special revenue funds are presented immediately following the required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Condensed Statement of Net Position June 30, 2020 and 2019

	Primary Government					
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Assets:						
Current and other assets	\$ 401,959,382	\$ 351,300,809	\$ 1,347,120	\$ 1,300,216	\$ 403,306,502	\$ 352,601,025
Capital assets, net	<u>1,360,608,411</u>	<u>1,328,138,639</u>	<u>1,917,893</u>	<u>1,365,554</u>	<u>1,362,526,304</u>	<u>1,329,504,193</u>
Total assets	<u>1,762,567,793</u>	<u>1,679,439,448</u>	<u>3,265,013</u>	<u>2,665,770</u>	<u>1,765,832,806</u>	<u>1,682,105,218</u>
Deferred Outflows						
Of Resources:	<u>206,923,055*</u>	<u>213,039,853*</u>	--	--	<u>206,923,055</u>	<u>213,039,853</u>
Total Assets and Deferred Outflows of Resources	<u>1,969,490,848</u>	<u>1,892,479,301</u>	<u>3,265,013</u>	<u>2,665,770</u>	<u>1,972,755,861</u>	<u>1,895,145,071</u>
Liabilities:						
Long-term liabilities outstanding	1,675,729,743	1,677,521,661*	582,961	697,777	1,676,312,704	1,678,219,438
Other liabilities	<u>121,977,885</u>	<u>69,882,208</u>	<u>69,134</u>	<u>83,015</u>	<u>122,047,019</u>	<u>69,965,223</u>
Total liabilities	<u>1,797,707,628</u>	<u>1,747,403,869</u>	<u>652,095</u>	<u>780,792</u>	<u>1,798,359,723</u>	<u>1,748,184,661</u>
Deferred Inflows						
Of Resources:	<u>21,372,121</u>	<u>16,970,935</u>	--	--	<u>21,372,121</u>	<u>16,970,935</u>
Total Liabilities and Deferred Inflows						
Of Resources	<u>1,819,079,749</u>	<u>1,764,374,804</u>	<u>652,095</u>	<u>780,792</u>	<u>1,819,731,844</u>	<u>1,765,155,596</u>
Net position:						
Net investment in capital assets	891,782,081	866,986,564	1,334,932	667,777	893,107,013	867,654,341
Restricted	94,431,592	83,230,067	--	--	94,431,592	83,230,067
Unrestricted	<u>(835,802,574)*</u>	<u>(822,102,134)*</u>	<u>1,277,986</u>	<u>1,217,201</u>	<u>(834,524,588)</u>	<u>(820,894,933)</u>
Total net position	<u>\$ 150,411,099</u>	<u>\$ 128,104,497</u>	<u>\$ 2,612,918</u>	<u>\$ 1,884,978</u>	<u>\$153,024,017</u>	<u>\$129,989,475</u>

*See explanation on page 17.

Analysis of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$153.0 million at the close of the most recent fiscal year.

By far the largest portion of the County's net position reflects its investment in capital assets (e.g., land, buildings, infrastructure, and equipment) less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net position represents resources that are subject to external restrictions on how they may be used.

At the end of the current fiscal year, the County is able to report positive balances in two of its three categories of net position, both for the government as a whole, as well as for its separate governmental activities. All three categories of net position are positive for its business-type activities.

The County's net position increased by \$23.0 million from the prior year, which was an increase of \$34.7 million (297%) from the decrease that was experienced last fiscal year. The main reasons for the large increase in the current year's increase over last year's decrease, was due to several increases in revenue sources. Property taxes increased in the current fiscal year by \$17.5 million due to a \$1.0 billion increase in the assessed value of the net taxable buildings. Revenues from the general excise tax surcharge increased by \$23.0 million from the prior year due to fact that the surcharge was in effect for 12 months in the current fiscal year and also doubled in the last 6 months.

The County's net capital assets increased by \$33.0 million (2 percent) due to the large amount of capital improvement projects done by the County during the current fiscal year and infrastructure related assets that were contributed. See further discussion of the increase in capital assets on page 24.

The County's long-term liabilities outstanding decreased by \$1.9 million (0.1 percent) due primarily to principal payments of bonds and SRF loans and amortization of related bond premiums totaling \$30.5 million that were offset by a \$32.6 million increase in the County's net pension liability. The remaining decrease in this category is comprised of net changes in the other long-term liability balances, of which most notable is the \$6.4 million increase in other post-employment benefit obligation and a \$17.6 million decrease in landfill closure payable due to current year payments. See further discussion of the increase in long-term debt outstanding on page 25.

Condensed Statements of Activities
For the Fiscal Years Ended June 30, 2020 and 2019

	Primary Government					
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 56,476,328	\$ 55,359,674	\$ 482,150	\$ 510,352	\$ 56,958,478	\$ 55,870,026
Operating grants and contributions	75,553,629	64,285,842	269,273	261,848	75,822,902	64,547,690
Capital grants and contributions	43,498,993	28,375,566	-	-	43,498,993	28,375,566
General revenues:						
Property taxes	333,515,661	315,969,118	-	-	333,515,661	315,969,118
Other taxes	73,873,234	47,796,847	-	-	73,873,234	47,796,847
Grants and contributions, unrestricted	16,530,357	19,748,211	-	-	16,530,357	19,748,211
Investment earnings	3,220,862	3,420,693	5,193	8,234	3,226,055	3,428,927
Other	2,127,119	1,848,245	-	-	2,127,149	1,848,245
Transfers	(616,776)	-	616,776	-	-	-
Total revenues and transfers	604,179,407	536,804,196	1,373,392	780,434	605,552,799	537,584,630
Expenses:						
General government	86,747,456	88,660,088	-	-	86,747,456	88,660,088
Public safety	274,259,439	248,141,465	-	-	274,259,439	248,111,465
Highways and streets	67,161,387	62,066,700	-	-	67,161,387	62,066,700
Health, education and welfare	37,042,326	37,919,675	645,452	609,486	37,687,778	38,529,161
Culture and recreation	33,613,224	35,908,061	-	-	33,613,224	35,908,061
Sanitation	68,870,497	62,775,074	-	-	68,870,497	62,775,074
Interest on long-term debt	14,178,476	13,277,652	-	-	14,178,476	13,277,652
Total expenses	581,872,805	548,748,715	645,452	609,486	582,518,257	549,328,201
Increase (Decrease) in net position	22,306,602	(11,914,519)	727,940	170,948	23,034,542	(11,743,571)
Net position at beginning of year	128,104,497	140,019,016	1,884,978	1,714,030	129,989,475	141,733,046
Net position at end of year	\$ 150,411,099	\$ 128,104,497	\$ 2,612,918	\$ 1,884,978	\$ 153,024,017	\$ 129,989,475

Analysis of Changes in Net Position

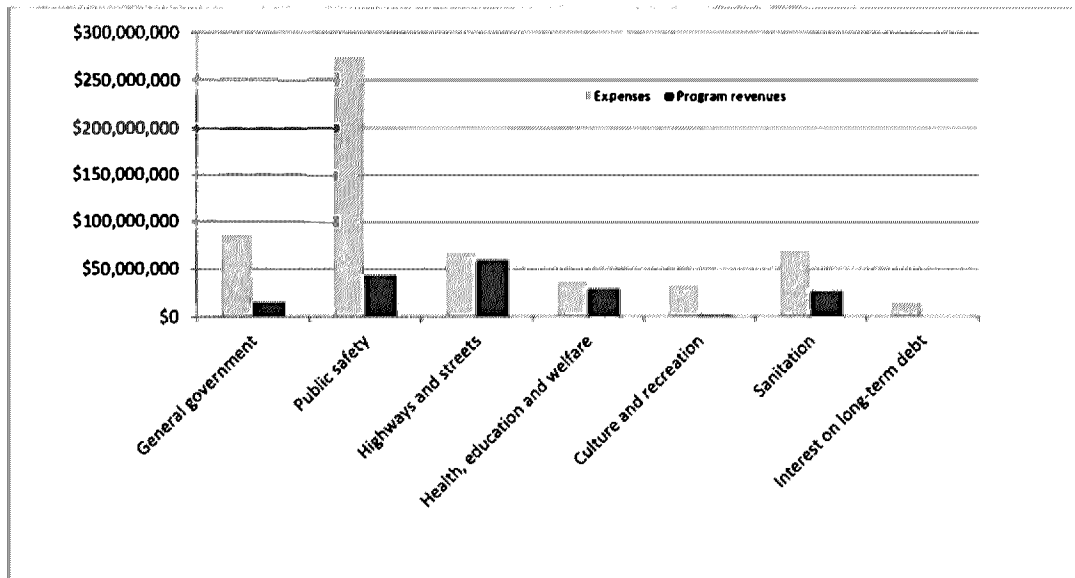
Governmental activities. Governmental activities increased the County's net position by \$22.3 million, which represented all of the total decrease in net position of the County.

The primary reasons for the \$68.0 million (13 percent) increase in total revenues was due to a \$1.0 billion increase in the assessed value of the net taxable buildings, with the most notable increase of \$832 million occurring in the residential class. With no changes in the tax rates from the prior year, the increase in real property tax revenues of \$17.5 million was attributable solely to increases in the assessed values of land and buildings. Revenues from the general excise tax surcharge increased by \$23.0 million from the prior year due to fact that the surcharge was in effect for 12 months in the current fiscal year and also doubled in the last 6 months from 0.25% to 0.50%.

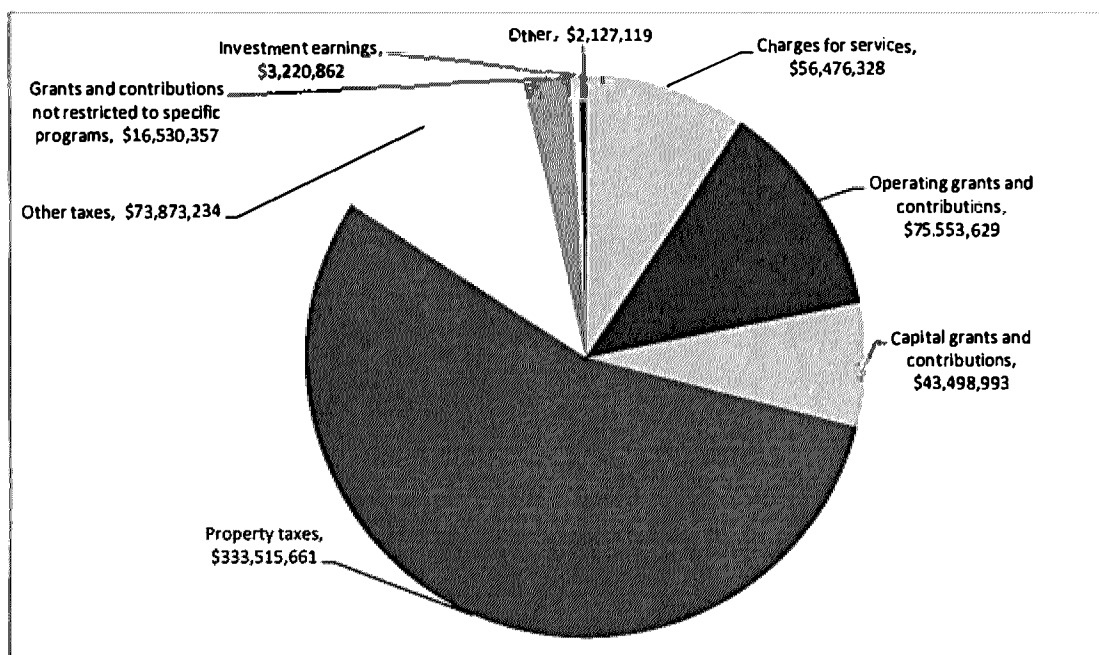
Total expenses increased by \$33.2 million, which represented a 6 percent change from the prior year. There were the typical increases in salaries and wages and related employment benefit costs across all functions in the current fiscal year, including approximately \$3.0 million of expenditures incurred by the County in responding to the COVID-19 pandemic.

The charts below illustrate the County's governmental expenses and revenues by function, and its revenues by source. As shown, public safety is the largest function in expense (47 percent), followed by general government (15 percent) and sanitation (12 percent). General revenues such as property and other taxes are not shown by program, but are effectively used to support program activities countywide. For governmental activities overall, without regard to programs, property taxes are the largest single source of funds (55 percent), followed by operating grants and contributions (12 percent) and other taxes (12 percent).

Expenses and Program Revenues – Governmental Activities Year Ended June 30, 2020



Revenue by Source – Governmental Activities Year Ended June 30, 2020



Business-type activities. Business-type activities increased the County's net position by \$727,940 versus an increase of \$170,948 in the prior year. Expenses for health, education and welfare account for all of the \$645,452 of expenses which represents a 6 percent increase from the prior year, due to increases in repairs and maintenance and administrative charges. Charges for services were \$482,150 and operating grants and contributions were \$269,273, which were comparable to the prior year.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unrestricted fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$251.0 million, an increase of \$26.6 million (12 percent) in comparison with prior year. Approximately 35 percent of this total amount (\$88.9 million) constitutes unrestricted fund balance. The unrestricted portion of the fund balance is comprised of (1) \$60.5 million in committed fund balance, (2) \$46.0 million in assigned fund balance, and (3) negative \$17.6 million in unassigned fund balance. The remainder of the fund balance is divided between \$8.2 million in nonspendable fund balance for inventory and \$154.0 million in restricted fund balance. Approximately 74 percent of the total restricted fund balance is due to restrictions relating to highways, streets and abandoned vehicles (\$75.7 million) and debt service (\$38.8 million). \$15.5 million of the fund balance restricted for highways, streets and abandoned vehicles was due to the General Excise Tax fund that was created in the prior year, which accounts for the general excise tax surcharge that became effective in fiscal year 2019. The fund balance of the General Excise Tax Fund increased by \$9.5 million due to the fact that the surcharge was in effect for a full 12 months in fiscal year 2020 and doubled during the last 6 months.

The general fund is the chief operating fund of the County. At the end of the current fiscal year, unrestricted fund balance of the general fund was \$61.4 million, while total fund balance increased to \$84.9 million. As a measure of the general fund's liquidity, it may be useful to compare both unrestricted fund balance and total fund balance to total fund expenditures. Unrestricted fund balance represents 17 percent of total general fund expenditures, while total fund balance represents 24 percent of that same amount.

The fund balance of the County's general fund increased by \$8.7 million during the current fiscal year as compared to an increase of \$15.1 million in the prior year. Key factors in this decrease (\$6.4 million) over last year's increase are as follows:

- A positive increase of \$14.3 million (5 percent) in real property tax revenues and \$9.2 million (15 percent) in intergovernmental revenues. As explained previously, the increase in real property tax revenues is due to an increase (5%) in the value of net taxable real property as evidenced in the accompanying statistical tables. \$5.1 million was also received from the State to reimburse the County for costs incurred in connection with the situation on Mauna Kea.

- The positive impact of the increase in revenues was offset by increases of \$33.6 million (10 percent) in expenditures. \$6.8 million of the total increase in expenditures is due to increases in salaries and wages from the prior year and \$7.9 million in associated employee and retiree benefits. The County also faced the continuation of funding costs related to emergency protective measures resulting from the COVID-19 pandemic as opposed to the lava eruption and hurricanes in the prior years.

The fund balance of the County's capital projects fund decreased by \$5.3 million (10 percent) during the current fiscal year. The decrease is primarily due to an increase of \$21.8 million in expenditures from the prior year. See discussion regarding construction activity during the current year in the capital asset section below. The increase in expenditures were offset by an other financing source of \$30.3 million related to the bond anticipation notes (BANs) that were issued in the prior year and considered a current liability because the legal steps regarding the issuance of the bonds to pay off these notes were not completed at the time the audited financial statements were issued. The legal steps will be completed prior to the issuance of this year's financials. There was also an increase in transfers in from the General Excise Tax (GET) fund of \$8.6 million as a direct result of increases to the surcharge revenue in the GET fund.

The debt service funds consist of the Bond Redemption Fund and the Interest Fund. These funds have combined total fund balances of \$38.8 million, all of which is restricted for the payment of debt service. The net increase in the combined fund balances during the current year in the debt service funds was \$5.6 million, which was a 17 percent change from the prior year and due to an increase of transfers in of \$3.8 million.

Proprietary funds. The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Kulaimano Elderly Housing Project (Kulaimano) at the end of the year amounted to \$668,562, and \$609,424 for the Ouli Ekahi Affordable Housing Project (Ouli Ekahi). The total net position for Kulaimano increased by \$130,526 and the net position for Ouli Ekahi increased by \$597,414. Other factors concerning the finances of these two funds have already been addressed in the discussion of the County's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget were primarily the result of a \$42.1 million increase in appropriations, the most significant reasons were due to \$16.9 million in increases in the grant appropriations from the State relating to the County's response to the situation at Mauna Kea and relating to the County's share of the State's allocation of federal funds received under the Coronavirus Aid, Relief, and Economic Security (CARES) Act.

Differences between the final budget and the actual (budgetary basis) resulted in approximately \$18.8 million less revenues than expected and \$27.1 million less expenditures than appropriated.

This is primarily due to the following factors:

- The negative variance of \$18.8 million in revenues is comprised mostly of \$11.8 million from intergovernmental revenues, of which \$3.2 million was unrecognized in the General Fund relating to the State's Transient Accommodations Tax (TAT) grant and \$3.7 million from various federal capital grants related to Section 5309.

- \$13.4 million of the unspent appropriations is related to salaries and wages and the various countywide expenditure accounts relating to salaries and wages. The variance is due primarily to unfilled vacancies and continued efforts by each department to control payroll costs during the budget year due to the tough economic conditions facing the County. The following functions are responsible for the majority of the variance: public safety (\$8.3 million) and general government (\$3.4 million).
- \$7.2 million is due to lower than anticipated payments needing to be made in retirement related payments. With each department increasing efforts to control costs, overtime was also closely monitored and the corresponding pension expenditures were not incurred.
- \$2.8 million is due to the fact that the increase in health premiums for employees were lower than originally anticipated.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The County's investment in capital assets for its governmental and business-type activities as of June 30, 2020 amounts to \$1.4 billion (net of accumulated depreciation). This investment in capital assets includes land and improvements, buildings and improvements, equipment, easements, and infrastructure assets, which consists of primarily roads and bridges. The total increase in the County's investment in capital assets for the current fiscal year was 2 percent.

Major capital asset events during the current fiscal year included the following:

- Construction continued on the Kalaniana'ole Avenue Reconstruction; construction in progress as of the end of the current fiscal year had reached \$6.1 million with \$2.6 million coming from the current fiscal year.
- Construction continued on the Māmalahoa Highway Widening; construction in progress as of the end of the current fiscal year had reached \$13.9 million with \$5.9 million coming from the current fiscal year.
- Construction continued on the Office of the Prosecuting Attorney; construction in progress as of the end of the current fiscal year had reached \$14.5 million with \$7.4 million coming from the current fiscal year.
- Construction continued on the Hawai'i County Radio System Upgrade project; construction in progress as of the current fiscal year had reached \$12.9 million with \$0.8 million coming from the current fiscal year.
- Construction continued on the Hawaiian Ocean View Estates Transfer Station; constructions in progress as of the end of the current fiscal year had reached \$2.1 million with \$1.9 million coming from the current fiscal year; project was transferred to Buildings.
- Construction continued on the Kealakehe Wastewater Treatment Plant R-1 Upgrade project; construction in progress as of the end of the current fiscal year had reached \$6.9 million, with \$2.4 million coming from the current fiscal year.
- Construction continued on the Lono Kona Subdivision Sewer Improvements project; construction in progress as of the end of the current fiscal year had reached \$8.4 million with \$7.1 million coming from the current fiscal year; project was transferred to Buildings.
- \$20.7 million of dedicated roads were received by the County in the current fiscal year.

**Capita Assets
(net of depreciation)
June 30, 2020 and 2019**

	Primary Government					
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land and improvements	\$ 278,888,359	\$ 263,470,308	\$ 753,877	\$ 753,877	\$ 279,642,236	\$ 264,224,195
Infrastructure assets	296,257,213	312,878,757	-	-	296,257,213	312,878,757
Ground and site improvements	-	-	44,852	49,199	44,852	49,199
Buildings and improvements	635,602,987	627,746,572	1,032,447	538,410	636,635,434	628,284,982
Easements	11,116,725	6,250,078	-	-	11,116,725	6,250,078
Equipment	58,412,276	59,337,103	86,717	24,068	58,498,993	59,361,171
Construction work in progress	80,330,851	58,455,811	-	-	80,330,851	58,455,811
Total	\$1,360,608,411	\$1,328,138,639	\$ 1,917,893	\$ 1,365,554	\$1,362,526,304	\$1,329,504,193

Additional information on the County's capital assets can be found in note 6 to the basic financial statements.

Long-term debt. Long-term debt is primarily comprised of bonds of \$359.2 million, State Revolving Fund loans of \$37.4 million and Bond Anticipation Notes of \$30.0 million. At the end of the current fiscal year, the County had total bonded debt outstanding of \$359.2 million. This entire amount was comprised of general obligation bonds which are backed by the full faith and credit of the County.

The County's total bonded debt decreased by \$23.2 million (6 percent) during the current fiscal year due to the retirement of that amount of bonds.

At the end of the fiscal year, the County held an "AA" rating from Standard & Poor's, an "AA+" rating from Fitch and an "Aa2" rating from Moody's for general obligation debt.

State statutes limit the amount of general obligation debt the County may issue up to 15 percent of the total assessed value of all county real property as established for tax purposes on the last tax assessment rolls. The current debt limitation for the County is \$5.0 billion, which is in excess of the County's outstanding general obligation debt. Currently the County's outstanding debt represents 6 percent of our debt limitation.

Additional information on the County's long-term debt can be found in note 10 to the basic financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The unemployment rate for the County for the current fiscal year is at approximately 13.2 percent, which is 9 percent higher than at the end of the prior fiscal year. This increase is a result of the current COVID-19 pandemic that is plaguing the world.
- The number of domestic and international visitors to the County for the current fiscal year was approximately 1.29 million, with an approximately 23 percent decrease from the previous year's count of 1.67 million.

- With the COVID-19 pandemic plaguing not only our nation but the entire world, the County is preparing to deal with the fiscal and economic impact that will continue to impact our island beyond the upcoming fiscal year of 2021. Concerns in the area of increasing unemployment, ability of businesses to continue to operate, fulfilling the basic needs of the island citizens and working to protect the population will impact the budget. The County administration will continue to monitor the effects of the pandemic and plan accordingly to prepare for the tough decisions that will need to be made regarding the health and safety of the people.

These factors were considered in preparing the County's budget for the 2021 fiscal year.

At the end of the current fiscal year, unrestricted fund balance in the general fund was \$61.4 million. The County has appropriated \$30.5 million of this amount for spending in the 2021 fiscal year budget and the majority is included in the assigned portion of the fund balance.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Director of Finance, County of Hawai'i, 25 Aupuni Street, Suite 2103, Hilo, Hawai'i 96720.

BASIC FINANCIAL STATEMENTS

COUNTY OF HAWAII
Statement of Net Position

June 30, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
Assets				
Current assets:				
Cash and cash equivalents (notes 3 and 14)	\$ 118,630,879	\$ 1,222,541	\$ 119,853,420	\$ 19,663,115
Restricted cash and cash equivalents (note 3)	115,097,008	42,988	115,139,996	-
Investments (note 3)	28,245,013	-	28,245,013	7,000,000
Restricted investments (note 3)	31,185,737	-	31,185,737	-
Receivables, net (note 4)	83,047,819	10,771	83,058,590	8,525,253
Receivable from improvement district (notes 4 and 10)	112,317	-	112,387	-
Internal balances (note 5)	4,000	(4,000)	-	-
Inventories	8,187,482	-	8,187,482	1,537,355
Prepaid expenses	49,343	2,133	51,476	45,116
Other	1,541,638	-	1,541,638	-
Total current assets	386,101,236	1,274,433	387,375,669	36,770,839
Investments (note 3)	14,083,348	-	14,083,348	15,000,000
Restricted cash and cash equivalents (note 3 and 14)	-	72,687	72,687	888,225
Receivable from improvement district, excluding current portion (notes 4 and 10)	1,774,798	-	1,774,798	-
Capital assets (notes 6, 8 and 14):				
Utility plant in service, net	-	-	-	239,507,889
Infrastructure assets, net	296,257,213	-	296,257,213	-
Ground and site improvements, net	-	44,852	44,852	-
Buildings and improvements, net	635,602,987	1,032,447	636,635,434	-
Equipment, net	58,412,276	86,717	58,498,993	-
Easements, net	11,116,725	-	11,116,725	-
Preliminary survey and investigation charges	-	-	-	6,417,849
Land and improvements	278,888,359	753,877	279,642,236	5,261,319
Construction work in progress	80,330,858	-	80,330,851	50,320,130
Total capital assets, net	1,360,608,411	1,917,893	1,362,526,304	301,507,187
Total noncurrent assets	1,376,466,557	1,990,580	1,378,457,137	317,395,412
Total assets	1,762,567,793	3,265,013	1,765,832,806	354,166,251
Deferred Outflows of Resources				
Deferred loss on refunding	5,291,893	-	5,291,893	-
Deferred outflow related to pensions and other post employment benefits (notes 13 and 14)	201,631,162	-	201,631,162	10,093,069
Total deferred outflows of resources	206,923,055	-	206,923,055	10,093,069
Total Assets and Deferred Outflows of Resources	1,969,490,848	3,265,013	1,972,755,861	364,259,320

(Continued)

COUNTY OF HAWAII
Statement of Net Position

June 30, 2020

(Concluded)

	Primary Government			(Concluded)
	Governmental Activities	Business-type Activities	Total	Component Unit
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 20,780,557	\$ 59,765	\$ 20,840,322	\$ 6,033,555
Accrued payroll	11,388,603	-	11,388,603	1,740,978
Advance collections - intergovernmental	79,615,161	1,809	79,616,970	-
Interest due on long-term debt	6,176,903	7,560	6,184,463	545,682
Bonds and loans payable, current portion net (notes 10 and 14)	62,144,108	86,452	62,230,560	5,828,067
Compensated absences, current portion (note 10)	10,950,611	-	10,950,611	524,869
Claims and judgments, current portion (notes 10, 12 and 14)	4,375,447	-	4,375,447	147,642
Capital leases, current portion (notes 8 and 10)	3,665,315	-	3,665,315	-
Landfill costs payable, current portion (notes 9 and 10)	1,505,257	-	1,505,257	-
Customers' deposits	-	-	-	230,525
Other	7,398,010	-	7,398,010	-
Total current liabilities	207,999,972	155,586	208,155,558	15,051,318
Noncurrent liabilities:				
Bonds and loans payable, net (notes 10 and 14)	417,662,152	496,509	418,158,661	60,605,626
Compensated absences (note 10)	34,542,088	-	34,542,088	1,285,023
Claims and judgments (notes 10, 12 and 14)	23,433,979	-	23,433,979	512,358
Capital leases (notes 8 and 10)	7,105,794	-	7,105,794	-
Landfill costs payable (notes 9 and 10)	11,849,743	-	11,849,743	-
Unearned revenue, noncurrent	-	-	-	1,583,953
Customers' deposits	-	-	-	15,865,108
Net pension liability (notes 13 and 14)	669,239,185	-	669,239,185	32,029,248
Net OPEB liability (notes 13 and 14)	407,266,249	-	407,266,249	16,079,747
Other	18,608,466	-	18,608,466	-
Total noncurrent liabilities	1,589,707,656	496,509	1,590,204,165	127,961,063
Total liabilities	1,797,707,628	652,095	1,798,359,723	143,012,381
Deferred Inflows of Resources				
Deferred inflows related to pensions and other post employment benefits (notes 13 and 14)	19,305,022	-	19,305,022	3,848,277
Deferred inflows - other	2,067,099	-	2,067,099	62,849
Total Deferred Inflows of Resources	21,372,121	-	21,372,121	3,911,126
Total Liabilities and Deferred Inflows of Resources	1,819,079,749	652,095	1,819,731,844	146,923,507
Net Position				
Net investment in capital assets	891,782,081	1,334,932	893,117,013	235,961,719
Restricted for:				
Debt service (note 10)	38,846,557	-	38,846,557	-
Highways, streets and abandoned vehicles	36,899,769	-	36,899,769	-
Public access open space	14,341,394	-	14,341,394	-
Other	4,343,872	-	4,343,872	-
Unrestricted	(835,802,574)	1,277,986	(834,524,588)	(18,625,906)
Total net position	\$ 150,411,099	\$ 2,612,918	\$ 153,024,017	\$ 217,335,813

See accompanying notes to the basic financial statements.

COUNTY OF HAWAII

Statement of Activities

For the Fiscal Year Ended June 30, 2020

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:				
Governmental activities:				
General government	\$ 86,747,456	\$ 4,320,738	\$ 6,638,918	\$ 4,398,247
Public safety	274,259,439	5,917,482	35,447,400	2,264,898
Highways and streets	67,161,387	16,585,633	6,789,686	35,949,579
Health, education and welfare	37,042,326	2,522,672	25,885,494	224,641
Culture and recreation	33,613,224	1,451,429	26,029	661,628
Sanitation	68,870,497	25,678,374	766,102	-
Interest on long-term debt	<u>14,178,476</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities	581,872,805	56,476,328	75,553,629	43,498,993
Business-type activities:				
Health, education and welfare	<u>645,452</u>	<u>482,150</u>	<u>269,273</u>	<u>-</u>
Total primary government	<u>\$ 582,518,257</u>	<u>\$ 56,958,478</u>	<u>\$ 75,822,902</u>	<u>\$ 43,498,993</u>
Component unit:				
Water (note 14)	<u>\$ 60,324,787</u>	<u>\$ 49,753,448</u>	<u>\$ -</u>	<u>\$ 3,202,379</u>

General revenues:

Taxes:

 Property taxes, levied for general purposes

 Public service company taxes

 Franchise taxes

 Fuel taxes

 General excise tax surcharge

Grants and contributions not restricted to specific programs

Investment earnings (expense)

Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net position, beginning of year

Net position, end of year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Unit
\$ (71,389,553)	\$ -	\$ (71,389,553)	\$ -
(230,629,659)	-	(230,629,659)	-
(7,836,489)	-	(7,836,489)	-
(8,409,519)	-	(8,409,519)	-
(31,474,138)	-	(31,474,138)	-
(42,426,021)	-	(42,426,021)	-
(14,178,476)	-	(14,178,476)	-
(406,343,855)	-	(406,343,855)	-
-	105,971	105,971	-
(406,343,855)	105,971	(406,237,884)	-
-	-	-	(7,368,960)
333,515,661	-	333,515,661	-
8,862,416	-	8,862,416	-
9,364,811	-	9,364,811	-
20,108,062	-	20,108,062	-
35,537,945	-	35,537,945	-
16,530,357	-	16,530,357	-
3,220,862	5,193	3,226,055	775,456
2,127,119	-	2,127,119	-
(616,776)	616,776	-	-
428,650,457	621,969	429,272,426	775,456
22,306,602	727,940	23,034,542	(6,593,504)
128,104,497	1,884,978	129,989,475	223,929,317
\$ 150,411,099	\$ 2,612,918	\$ 153,024,017	\$ 217,335,813

COUNTY OF HAWAII

Governmental Funds

Balance Sheet

June 30, 2020

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents (note 3)	\$102,634,030	\$ 51,548,355	\$ 79,545,502	\$233,727,887
Investments (note 3)	42,315,624	-	31,198,474	73,514,098
Receivables, net (note 4)	28,435,750	-	2,614,255	31,050,005
Due from other governmental funds (note 5)	2,175,623	6,723,688	2,418,607	11,317,918
Due from other nongovernmental funds (note 5)	-	-	4,000	4,000
Receivables from other governments (note 4)	26,460,253	6,842,866	18,694,695	51,997,814
Inventories	8,187,482	-	-	8,187,482
Other	635,899	797,666	157,416	1,590,981
Total assets	<u>\$210,844,661</u>	<u>\$ 65,912,575</u>	<u>\$134,632,949</u>	<u>\$411,390,185</u>
Liabilities, Deferred Inflows and Fund Balances				
Liabilities:				
Accounts payable	\$ 6,245,867	\$ 10,577,451	\$ 3,957,239	\$ 20,780,557
Accrued payroll	9,608,455	-	1,780,148	11,388,603
Due to other governmental funds (note 5)	2,192,921	595,690	8,529,307	11,317,918
Advance collections-intergovernmental	74,474,520	4,548,959	591,682	79,615,161
Other	2,960,981	379,375	676,305	4,016,661
Total liabilities	<u>95,482,744</u>	<u>16,101,475</u>	<u>15,534,681</u>	<u>127,118,900</u>
Deferred Inflows of Resources:				
Unavailable revenue (note 7)	<u>30,502,849</u>	<u>-</u>	<u>2,729,436</u>	<u>33,232,285</u>
Fund balances:				
Nonspendable: Inventory	8,187,482	-	-	8,187,482
Restricted for:				
Debt service (note 10)	-	-	38,846,557	38,846,557
Highways, streets and abandoned vehicles	-	38,770,075	36,899,769	75,669,844
Public access open space	14,341,394	-	-	14,341,394
Other	956,286	20,771,160	3,387,586	25,115,032
Committed to:				
Budget stabilization	7,212,340	-	-	7,212,340
Disaster and emergencies	6,534,823	-	-	6,534,823
Lower Puna area	-	-	4,274,235	4,274,235
Rental assistance and subsidy	-	-	1,267,826	1,267,826
Sanitation	-	-	20,286,433	20,286,433
Self insurance	260,890	-	-	260,890
Highways, streets and abandoned vehicles	-	1,054,149	11,066,016	12,120,165
Parks and recreational projects	-	2,091,494	61,068	2,152,562
Zoning change impact mitigation (fair share)	-	3,960,058	-	3,960,058
Other	510,163	1,636,871	279,342	2,426,376
Assigned to:				
Subsequent year's budget	30,548,282	-	-	30,548,282
Other	15,444,635	-	-	15,444,635
Unassigned	<u>862,773</u>	<u>(18,472,707)</u>	<u>-</u>	<u>(17,609,934)</u>
Total fund balances	<u>84,859,068</u>	<u>49,811,100</u>	<u>116,368,832</u>	<u>251,039,000</u>
Total liabilities, deferred inflows, and fund balances	<u>\$210,844,661</u>	<u>\$ 65,912,575</u>	<u>\$134,632,949</u>	<u>\$411,390,185</u>

See accompanying notes to the basic financial statements.

COUNTY OF HAWAII

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

June 30, 2020

Total fund balances - governmental funds **\$ 251,039,000**

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Land and improvements	278,888,359	
Infrastructure assets, net	296,257,213	
Buildings and improvements, net	635,602,987	
Equipment, net	58,412,276	
Easements, net	11,116,725	
Construction work in progress	<u>80,330,851</u>	
Total capital assets, net		1,360,608,411

Deferred amounts on refunding and pension are reported as deferred outflows of resources in the government-wide financial statements but are not reported in the governmental fund statements 206,923,055

Some of the County's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are deferred (unearned) in the funds. (note 7) 31,165,186

Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

Bonds and loans payable, net of receivable from improvement district	(477,919,145)	
Interest due on long-term debt	(6,176,903)	
Capital leases	(10,771,109)	
Compensated absences	(45,492,699)	
Claims and judgments	(27,809,426)	
Landfill costs payable	(13,355,000)	
Pollution remediation	(19,341,349)	
Underground storage tank liability	(1,775,000)	
Other Postemployment Benefit Obligation (OPEB)	(407,266,249)	
Net pension obligation	<u>(669,239,185)</u>	
Total long-term liabilities		(1,679,146,065)

Unamortized gain on refunding (873,466)

Deferred amounts related to pension are reported as deferred inflows of resources in the government-wide financial statements but are not reported in the governmental fund statements (19,305,022)

Net position of governmental activities **\$ 150,411,099**

See accompanying notes to the basic financial statements.

COUNTY OF HAWAII

Governmental Funds

Statement of Revenues, Expenditures, and Changes in Fund Balances

For the Fiscal Year Ended June 30, 2020

	<u>General</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Property taxes	\$ 327,886.496	\$ -	\$ -	\$ 327,886.496
Public service company taxes	8,862,416	-	-	8,862,416
Fuel taxes	-	-	20,408.062	20,408.062
Public utility franchise taxes	-	-	9,364.814	9,364.811
Licenses and permits	8,709,346	-	16,445.710	25,165.056
General excise tax surcharge	-	-	35,537.945	35,537.945
Intergovernmental	69,657.109	18,280.246	25,694.656	113,632.011
Charges for services	5,771.752	-	24,307.960	30,079.712
Investment earnings	3,414,245	12,052	54.843	3,481,140
Other	1,979.081	1,161.762	1,033,028	4,173,871
Total revenues	<u>426,280.445</u>	<u>19,454.060</u>	<u>132,547.015</u>	<u>578,281.520</u>
Expenditures				
Current:				
General government	46,746.254	-	636.800	47,383.054
Public safety	144,581.068	-	10,339.473	154,920.541
Highways and streets	4,398,831	-	23,563.544	27,962.345
Health, education and welfare	7,808,415	-	23,434.152	30,942.567
Culture and recreation	21,365.678	-	1,167.748	22,533.426
Sanitation	1,160.585	-	42,607.378	43,757.963
Pension and retirement				
contributions (note 13)	53,800.205	-	8,012.517	61,812.722
Employees' health insurance	15,768,473	-	3,078.292	18,846.465
Other postemployment benefits	41,604.474	-	-	41,604.474
Other	6,759.950	-	1,981.836	8,741.786
Debt service:				
Principal	1,526,641	-	27,695.246	29,224.857
Interest	87,597	-	18,501.939	18,589.536
Capital outlay	<u>8,178,884</u>	<u>71,357.563</u>	<u>-</u>	<u>79,536.447</u>
Total expenditures	<u>353,776.755</u>	<u>71,357.563</u>	<u>160,718.865</u>	<u>585,853.183</u>
Excess (deficiency) of revenues over (under) expenditures	<u>72,503.690</u>	<u>(51,903.503)</u>	<u>(28,471.850)</u>	<u>(7,571.663)</u>

(Continued)

COUNTY OF HAWAII

Governmental Funds

Statement of Revenues, Expenditures, and Changes in Fund Balances

For the Fiscal Year Ended June 30, 2020

(Concluded)

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
Other Financing Sources (Uses)				
Sale of assets	\$ 10,288	\$ -	\$ -	\$ 10,288
Increase in capital leases (notes 8 and 10)	1,502,463	-	1,318,960	2,821,423
State Revolving Fund loans (note 10)	-	174,021	-	174,021
Reclass of debt from current to long-term	-	30,278,868		30,278,868
Transfers in (note 5)	-	16,119,391	74,079,574	90,198,965
Transfers out (note 5)	(66,235,767)	-	(23,963,198)	(90,198,965)
Total other financing sources (uses)	(64,723,016)	46,572,280	51,435,336	33,284,600
Net change in fund balances	7,780,674	(5,331,223)	23,263,486	25,712,937
Fund balances at beginning of year	76,188,742	55,142,323	93,105,346	224,436,411
Increase in reserve for inventories	889,652	-	-	889,652
Fund balances at end of year	<u>\$ 84,859,068</u>	<u>\$ 49,811,100</u>	<u>\$ 116,368,832</u>	<u>\$ 251,039,000</u>

See accompanying notes to the basic financial statements.

COUNTY OF HAWAII

**Reconciliation of the Change in Fund Balances of Governmental Funds
to the Statement of Activities**

For the Fiscal Year Ended June 30, 2020

Net change in fund balances - total governmental funds **\$ 25,712,937**

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlay	59,865,516	
Dedicated and contributed property	21,564,947	
Depreciation expense and loss on disposals	<u>(48,960,691)</u>	
Excess of capital outlay over depreciation expense		32,469,772

Borrowings provide current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the statement of net position. In the current period, assets financed through:

Reclass of notes payable to long-term debt (note 10)	(30,000,000)	
State Revolving Fund loans	(174,021)	
Capital leases	<u>(2,821,423)</u>	
Total debt proceeds		(32,995,444)

Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position. In the current year, these amounts consist of:

Bond principal retirement	23,092,308	
State Revolving Fund loan repayments/forgiveness	2,499,903	
Capital lease payments	<u>3,629,646</u>	
Total long-term debt repayment		29,221,857

Because some revenues will not be collected for several months after the County's fiscal year end, they are not considered "available" revenues and are "deferred" in the governmental funds. Unearned revenues increased by this amount this year.

1,994,423

(Continued)

COUNTY OF HAWAII

**Reconciliation of the Change in Fund Balances of Governmental Funds
to the Statement of Activities**

For the Fiscal Year Ended June 30, 2020

(Concluded)

Some items reported in the statement of activities do not involve current financial resources and therefore are not reported as expenditures in governmental funds. These activities are:

Increase in inventories	\$ 889,652	
Increase in compensated absences	(3,079,986)	
Decrease in claims and judgments	3,675,057	
Decrease in landfill closure/postclosure care costs	17,660,000	
Increase in pollution remediation costs	(6,900,616)	
Increase in underground storage tank liability	(1,775,000)	
Amortization of premium from bond issuance	4,800,919	
Amortization of deferred loss on refunding	(705,654)	
Amortization of gain on refunding	102,761	
Net increase in accrued interest	(65,834)	
Net decrease to expenses related to Other Postemployment Benefit Obligation	8,196,912	
Net increase to expenses related to pension and salaries and wages	<u>(56,895,154)</u>	
Net additional expenses		<u>(34,096,943)</u>
Change in net position of governmental activities		<u>\$ 22,306,602</u>

See accompanying notes to the basic financial statements.

COUNTY OF HAWAII

General Fund

**Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Budgetary Basis)**

For the Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Positive (Negative)</u>
Revenues:				
Taxes and assessments:				
Property taxes	\$ 330,700,000	\$ 330,700,000	\$ 327,886,496	\$ (2,813,504)
Public service company taxes	<u>8,840,000</u>	<u>8,840,000</u>	<u>8,862,416</u>	<u>22,416</u>
Total taxes and assessments	<u>339,540,000</u>	<u>339,540,000</u>	<u>336,748,912</u>	<u>(2,791,088)</u>
Licenses and permits:				
Nonbusiness licenses and permits	4,321,305	4,321,305	3,864,032	(457,273)
Business licenses	2,095,329	2,095,329	1,788,744	(306,585)
Street use	<u>3,064,450</u>	<u>3,064,450</u>	<u>3,056,570</u>	<u>(7,880)</u>
Total licenses and permits	<u>9,481,084</u>	<u>9,481,084</u>	<u>8,709,346</u>	<u>(771,738)</u>
Intergovernmental:				
Federal:				
Programs for the aged	2,629,032	2,649,032	2,622,502	(26,530)
Community development block grants	-	2,773,136	2,773,836	-
Law enforcement	3,420,535	5,451,959	3,738,790	(1,713,169)
Other	<u>5,227,662</u>	<u>32,380,019</u>	<u>28,361,651</u>	<u>(3,948,368)</u>
Total federal	<u>11,277,229</u>	<u>43,184,146</u>	<u>37,496,079</u>	<u>(5,688,067)</u>
State:				
State General Fund - Act 185, SLH 1990	19,188,000	19,188,000	15,965,000	(3,193,000)
Emergency medical services	16,830,274	20,800,957	20,800,957	-
Other	<u>8,753,365</u>	<u>14,601,315</u>	<u>11,853,242</u>	<u>(2,948,073)</u>
Total State	<u>44,741,639</u>	<u>54,560,272</u>	<u>48,419,199</u>	<u>(6,841,073)</u>
Total intergovernmental revenue	<u>56,018,868</u>	<u>97,744,418</u>	<u>85,915,278</u>	<u>(11,829,140)</u>
Charges for services:				
General government	5,090,354	5,090,354	4,118,410	(978,944)
Culture and recreation	1,826,600	1,826,600	857,530	(969,070)
Highways and streets	1,212,000	1,212,000	912,874	(299,826)
Public safety	<u>118,768</u>	<u>111,768</u>	<u>84,596</u>	<u>(27,172)</u>
Total charges for services	<u>8,240,722</u>	<u>8,240,722</u>	<u>5,966,410</u>	<u>(2,274,382)</u>
Fines and forfeitures	<u>2,380,300</u>	<u>2,310,300</u>	<u>736,782</u>	<u>(1,8573,518)</u>
Rents	<u>189,500</u>	<u>189,500</u>	<u>201,281</u>	<u>11,781</u>

(Continued)

COUNTY OF HAWAII

General Fund

**Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Budgetary Basis)**

For the Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Positive (Negative)</u>
Revenues (continued):				
Interest and penalties	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>	<u>\$ 3,098,836</u>	<u>\$ 1,098,836</u>
Miscellaneous	<u>5,036,424</u>	<u>5,442,924</u>	<u>4,762,186</u>	<u>(680,738)</u>
Total revenues	<u>422,816,898</u>	<u>464,948,948</u>	<u>446,839,038</u>	<u>(18,809,917)</u>
Expenditures:				
Current:				
General government:				
Finance	21,757,329	13,440,887	10,947,086	2,493,801
General government building	5,740,454	6,792,505	6,194,027	598,478
Legislative	4,679,766	3,835,666	3,368,266	467,400
Automotive equipment	4,844,900	3,943,850	3,775,499	168,351
Law	3,168,392	3,189,892	2,583,480	536,412
Research and development	2,768,686	2,949,786	2,566,838	382,948
Planning and zoning	4,204,467	4,320,287	4,024,717	295,570
Mayor's office	1,806,707	1,906,707	1,740,796	165,911
Engineering	1,779,186	1,602,886	1,141,715	460,471
Information technology	3,413,388	3,425,388	2,740,480	684,908
Human resources	2,229,859	2,232,234	1,697,250	534,984
Public works administration	1,596,193	1,616,443	1,444,937	171,506
Elections	980,672	1,184,860	927,959	246,901
Legislative auditor	875,846	875,846	629,562	246,284
Total general government	<u>59,845,145</u>	<u>51,236,537</u>	<u>43,782,612</u>	<u>7,453,925</u>
Public safety:				
Police department	70,068,506	73,289,204	68,005,801	5,284,803
Fire department	43,791,397	53,627,243	50,193,520	3,433,723
Prosecuting attorney	10,830,841	12,368,437	9,894,982	2,473,455
Protective inspection	4,187,497	4,234,747	3,727,510	507,237
Liquor control	2,044,329	2,249,709	1,832,366	417,343
Flood control	330,000	330,000	324,840	5,860
Civil defense agency	2,401,659	2,656,910	2,099,210	557,700
Disaster Response	-	16,896,732	15,458,424	1,438,308
Animal control	2,185,706	2,185,706	2,081,627	104,079
Total public safety	<u>135,829,935</u>	<u>167,838,688</u>	<u>153,617,580</u>	<u>14,221,108</u>
Highways and streets:				
Mass transit	<u>3,358,000</u>	<u>17,092,500</u>	<u>13,421,422</u>	<u>3,671,078</u>

(Continued)

COUNTY OF HAWAII

General Fund

**Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Budgetary Basis)**

For the Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Positive (Negative)</u>
Expenditures (continued):				
Current (continued):				
Health, education and welfare:				
Elderly activities	\$ 5,008,686	\$ 5,030,586	\$ 3,994,505	\$ 1,036,081
Office of aging	4,101,071	4,126,714	3,591,532	535,182
Education	58,500	58,500	32,511	25,989
Social programs	1,500,000	1,500,000	1,499,945	55
Cemeteries	420,087	440,687	394,995	45,692
Physical examination	133,825	133,825	133,825	-
Total health, education and welfare	<u>11,222,169</u>	<u>11,290,312</u>	<u>9,647,313</u>	<u>1,642,999</u>
Culture and recreation:				
Community music	273,536	301,005	235,058	65,947
Organized recreation:				
Maintenance	10,773,178	11,182,978	10,573,079	539,899
Recreation	3,284,584	3,399,634	3,028,018	371,616
Aquatics	2,563,447	2,427,297	2,052,276	375,021
Hoolulu park complex	1,008,526	1,049,526	1,005,824	44,402
Administration	2,337,703	2,426,441	2,076,461	349,980
Children's zoo	810,740	827,740	809,314	18,426
Summer/Intersession	532,093	538,093	331,521	206,572
Culture and arts	301,143	308,643	227,663	80,980
Elderly activities administration	662,154	668,844	559,738	109,106
Total culture and recreation	<u>22,547,104</u>	<u>23,060,201</u>	<u>20,898,252</u>	<u>2,161,949</u>
Sanitation:				
Environmental management	1,182,880	1,197,880	1,153,224	44,656
Pension and retirement contributions	60,813,132	61,832,734	53,562,227	8,270,507
Employees' health insurance	18,495,526	18,495,526	15,731,805	2,763,721
Other postemployment benefits	41,676,474	41,676,474	41,604,474	72,000
Other	11,262,824	9,737,238	4,335,260	5,401,978
Total current	<u>366,233,189</u>	<u>403,458,090</u>	<u>357,754,169</u>	<u>45,703,921</u>

(Continued)

COUNTY OF HAWAII

General Fund

**Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Budgetary Basis)**

For the Fiscal Year Ended June 30, 2020

				(Concluded)
	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance Positive (Negative)
Expenditures (continued):				
Capital Outlay:				
Community Development Block grants (HUD)	\$ 150,000	\$ 4,566,469	\$ 4,401,567	\$ 164,602
HOME Program	50,000	130,000	50,300	79,700
Total capital outlay	200,000	4,696,169	4,451,867	244,302
Total expenditures	366,433,189	408,154,259	362,206,036	45,948,223
Excess of revenues over expenditures	56,383,709	56,794,689	83,932,995	27,138,306
Other financing sources (uses):				
Transfers out:				
Housing Fund	(2,283,619)	(2,289,619)	(1,517,810)	771,809
Solid Waste Fund	(19,862,687)	(19,862,687)	(19,862,687)	-
Sewer Fund	(2,586,419)	(2,586,419)	(2,586,419)	-
Golf Course Fund	(650,205)	(1,000,205)	(1,000,205)	-
Capital Project Fund	-	(54,980)	(54,980)	-
Disaster/Emergency Fund	(250,000)	(250,000)	(250,000)	-
Public Access, Open Space, and Natural Resources Preservation Fund	(6,614,000)	(6,614,000)	(6,557,730)	56,270
Public Access, Open Space, and Natural Resources Preservation Maintenance Fund	(826,750)	(826,750)	(262,526)	564,224
Budget Stabilization Fund	(250,000)	(250,000)	(250,000)	-
Debt Service Fund	(44,879,547)	(44,879,547)	(44,879,547)	-
Total transfers out	(78,203,227)	(78,614,207)	(77,221,904)	1,392,303
Total other financing uses	(78,203,227)	(78,614,207)	(77,221,904)	1,392,303
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(21,819,518)	(21,819,518)	6,711,091	28,530,609
Fund balance at beginning of year	76,188,742	76,188,742	76,188,742	-
Fund balance at end of year	\$ 54,369,224	\$ 54,369,224	\$ 82,899,833	\$28,530,609

See accompanying notes to the basic financial statements.

COUNTY OF HAWAII

Proprietary Funds

Statement of Net Position

June 30, 2020

	Business-type Activities- Enterprise Funds		
	Kulaimano Elderly Housing Project	Ouli Ekahi Affordable Housing Project	Total
Assets			
Current assets:			
Cash and cash equivalents (note 3)	\$ 680,115	\$ 542,276	\$ 1,222,391
Restricted cash and cash equivalents (note 3)	13,758	29,230	42,988
Imprest fund (note 3)	50	100	150
Receivables, net (note 4)	2,142	8,629	10,771
Prepaid expenses	2,133	-	2,133
Total current assets	<u>698,898</u>	<u>580,235</u>	<u>1,278,433</u>
Noncurrent assets:			
Restricted cash and cash equivalents (note 3)	-	72,687	72,687
Capital assets (note 6):			
Land and site improvements	511,000	515,727	1,026,727
Buildings and equipment	1,242,864	1,024,144	2,267,008
Less accumulated depreciation	<u>(1,250,891)</u>	<u>(124,958)</u>	<u>(1,375,842)</u>
Total capital assets	<u>502,973</u>	<u>1,414,920</u>	<u>1,917,893</u>
Total noncurrent assets	<u>502,973</u>	<u>1,487,607</u>	<u>1,990,580</u>
Total assets	<u>1,201,171</u>	<u>2,067,842</u>	<u>3,269,013</u>
Liabilities			
Current liabilities:			
Accounts payable	3,977	14,180	18,157
Due to other governmental funds (note 5)	4,000	-	4,000
Security deposits payable from restricted assets	13,758	27,850	41,608
Deferred revenue	341	1,468	1,809
Interest payable	7,560	-	7,560
Notes payable, current portion (note 10)	<u>69,952</u>	<u>16,500</u>	<u>86,452</u>
Total current liabilities	<u>99,588</u>	<u>59,998</u>	<u>159,586</u>
Noncurrent liabilities:			
Notes payable (note 10)	<u>393,736</u>	<u>102,773</u>	<u>496,509</u>
Total liabilities	<u>493,324</u>	<u>162,771</u>	<u>656,095</u>
Net Position			
Net investment in capital assets	39,285	1,295,647	1,334,932
Unrestricted	<u>668,562</u>	<u>609,424</u>	<u>1,277,986</u>
Total net position	<u>\$ 707,847</u>	<u>\$ 1,905,071</u>	<u>\$ 2,612,918</u>

See accompanying notes to the basic financial statements.

COUNTY OF HAWAII

Proprietary Funds

Statement of Revenues, Expenses, and Changes in Fund Net Position

For the Fiscal Year Ended June 30, 2020

	Business-type Activities- Enterprise Funds		
	Kulaimano Elderly Housing Project	Ouli Ekahi Affordable Housing Project	Total
Operating revenues:			
Rental receipts from tenants	\$ 138,212	\$ 337,100	\$ 475,312
Rental subsidy from federal government HUD	269,273	-	269,273
Laundry receipts	3,123	-	3,123
Other	222	3,493	3,715
Total operating revenues	410,830	340,593	751,423
Operating expenses:			
Utilities	40,217	51,209	91,426
General and administration	176,018	91,254	267,272
Maintenance and repairs	78,367	116,384	194,751
Depreciation (note 6)	42,068	20,387	62,455
Total operating expenses	336,670	279,234	615,904
Operating income	74,160	61,359	135,519
Nonoperating revenues (expenses):			
Investment income	5,174	19	5,193
Interest expense	(24,614)	-	(24,614)
(Loss) on disposal of assets	(4,934)	-	(4,934)
Total nonoperating revenues (expenses)	(24,374)	19	(24,355)
Capital contributions			
Transfers	80,740	536,036	616,776
Change in net position	130,526	597,414	727,940
Net position, beginning of year	577,321	1,307,657	1,884,978
Net position, end of year	\$ 707,847	\$ 1,905,071	\$ 2,612,918

See accompanying notes to the basic financial statements.

COUNTY OF HAWAII

Proprietary Funds

Statement of Cash Flows

For the Fiscal Year Ended June 30, 2020

	Business-type Activities - Enterprise Funds		
	Kulaimano Elderly Housing Project	Ouli Ekahi Affordable Housing Project	Total
Cash Flows from Operating Activities			
Receipts from tenants	\$ 141,602	\$ 338,130	\$ 479,732
Receipts from federal government - HUD	269,273	-	269,273
Payments to suppliers for goods and services	<u>(307,746)</u>	<u>(260,304)</u>	<u>(568,050)</u>
Net cash provided by operating activities	<u>103,129</u>	<u>77,826</u>	<u>180,955</u>
Cash Flows from Capital and Related Financing Activities			
Principal paid on notes payable	(66,186)	(48,630)	(114,816)
Interest paid on notes payable	(25,869)	-	(25,869)
Purchase of capital assets	<u>(715)</u>	<u>(2,237)</u>	<u>(2,952)</u>
Net cash used in capital and related financing activities	<u>(92,770)</u>	<u>(50,867)</u>	<u>(143,637)</u>
Cash Flows from Investing Activities			
Proceeds from maturities of investments	1,600,000	-	1,600,000
Purchase of investments	(1,600,000)	-	(1,600,000)
Interest on investments	<u>5,376</u>	<u>19</u>	<u>5,395</u>
Net cash provided by investing activities	<u>5,376</u>	<u>19</u>	<u>5,395</u>
Net increase (decrease) in cash and cash equivalents	15,735	26,978	42,713
Cash and cash equivalents at beginning of year (including restricted cash and cash equivalents)	<u>678,188</u>	<u>617,385</u>	<u>1,295,503</u>
Cash and cash equivalents at end of year (including restricted cash and cash equivalents)	<u>\$ 693,923</u>	<u>\$ 644,293</u>	<u>\$ 1,338,216</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating income	\$ 74,160	\$ 61,359	\$ 135,589
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	42,068	20,387	62,455
Change in assets and liabilities:			
Receivables, net	(1,984)	(3,035)	(5,019)
Prepaid expenses	(74)	-	(74)
Accounts and other payables	(10,999)	(1,457)	(12,456)
Deferred revenue	<u>(42)</u>	<u>572</u>	<u>530</u>
Net cash provided by operating activities	<u>\$ 103,129</u>	<u>\$ 77,826</u>	<u>\$ 180,955</u>
Supplemental Disclosure of Noncash Capital and Related Financing Activities			
Capital contributions	<u>\$ 80,740</u>	<u>\$ 536,036</u>	<u>\$ 616,776</u>

See accompanying notes to the basic financial statements.

COUNTY OF HAWAII

Fiduciary Funds

Statement of Fiduciary Net Position

June 30, 2020

	<u>Private- Purpose Trusts</u>	<u>Agency Funds</u>
Assets		
Cash and cash equivalents (note 3)	\$ 2,581,795	\$ 4,530,870
Investments (note 3)	2,192,849	285,468
Receivables:		
Due from other agency funds	-	15,396
Other receivables	<u>2,898</u>	<u>68,734</u>
Total receivables	<u>2,898</u>	<u>84,130</u>
Total assets	<u>4,777,542</u>	<u>\$ 4,900,468</u>
Liabilities		
Vouchers payable	-	2,258
Due to other agency funds	-	15,396
Accrued liabilities	-	3,047,776
Advances payable	-	232,203
Assets held for the benefit of improvement districts	<u>-</u>	<u>1,602,835</u>
Total liabilities	<u>-</u>	<u>\$ 4,900,468</u>
Net Position		
Held in trust for other parties	<u>4,777,542</u>	
Total net position	<u>\$ 4,777,542</u>	

See accompanying notes to the basic financial statements.

COUNTY OF HAWAII

Fiduciary Funds

Statement of Changes in Fiduciary Net Position

For the Fiscal Year Ended June 30, 2020

	Private- Purpose Trusts
Additions	
Contributions:	
Puna Geothermal Venture	\$ 50,000
Investment earnings:	
Net increase in fair value of investments	77,308
Dividends and interest	69,292
Total additions	196,600
Deductions	
Grant payments	45,724
Investment Fees	14,273
Total deductions	59,997
Change in net position	136,603
Net position, beginning of year	4,640,939
Net position, end of year	\$ 4,777,542

See accompanying notes to the basic financial statements.

COUNTY OF HAWAII

Notes to the Basic Financial Statements

June 30, 2020

The accounting policies of the County of Hawai'i (the County) conform to U.S. generally accepted accounting principles (GAAP) as applicable to local governmental units. The following notes to the basic financial statements are an integral part of the County's Comprehensive Annual Financial Report (CAFR).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Financial Reporting Entity

The County has implemented Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity* (GASB Statement No. 14), Statement No. 39, *Determining Whether Certain Organizations Are Component Units* (GASB Statement No. 39) and Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and 34* (GASB Statement No. 61). All organizations, activities or functions that meet the criteria in GASB Statement No. 14, No. 39 and No. 61 for inclusion in the reporting entity are included in the County's basic financial statements.

Primary Government The County operates under the Mayor-Council form of government under a charter that became effective on January 2, 1969, and was amended in 1979, 1982, 1990 and 2000. The County's operations are organized by the following functions: general government; public safety; highways and streets; sanitation; health, education and welfare; culture and recreation; pension and retirement contributions; health fund; miscellaneous; capital outlay; and debt service. The State of Hawai'i (the State) assumes full responsibility for several major functions usually performed by local governments, including education, welfare, health and judicial functions. There are no separate city, county or township governments nor any school districts, special districts, authorities or public corporations with overlapping authority.

GASB Statement No. 14, as amended, defines component units as legally separate organizations for which the elected officials of the primary government are financially accountable or for which the primary government may determine, through exercise of management's professional judgment, that the inclusion of an organization that does not meet the financial accountability criteria is necessary in order to prevent the reporting entity's financial statements from being misleading. "Financial accountability" is the level of accountability that exists if a primary government appoints a voting majority of an organization's governing board or if the organization is fiscally dependent on the primary government and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, activities or level of services performed or provided by the organization. An organization has a financial benefit or burden relationship with the primary government if any one of three conditions exist: (1) The primary government is legally entitled to or can otherwise access the organization's resources; (2) The primary government is legally obligated or has otherwise assumed the obligation to

COUNTY OF HAWAII

Notes to the Basic Financial Statements

June 30, 2020

finance the deficits of, or provide financial support to, the organization; or (3) The primary government is obligated in some manner for the debt of the organization.

As required by GAAP as set forth in GASB Statement No. 14, No. 39 and No. 61, these basic financial statements present the County of Hawai'i (the primary government) and its component unit, the Department of Water Supply (the Department). This component unit is included in the County's reporting entity because of its financial relationship with the County.

Discretely Presented Component Unit The component unit column in the basic financial statements includes the financial data of the Department, a legally independent agency of the County that is accounted for as an enterprise fund. It is reported in a separate column to emphasize that it is legally separate from the County. The members of the Water Board, the governing body of the Department, are appointed by the Mayor of the County and confirmed by the County Council. The Department is granted corporate powers by state statute and the County Charter. Although the County does not have the authority to approve or modify the Department's operational and capital budgets, the County has issued bonds on the Department's behalf that are general obligations of the County. Because the County is obligated to repay these bonds in the event of default by the Department, the County is financially accountable for the debts of the Department. See Note 14 for component unit disclosures for the Department. Complete financial statements of the Department can be obtained from the Department of Water Supply, 345 Kekānāo'a Street, Suite 20, Hilo, Hawai'i 96720.

Basic Financial Statements

The basic financial statements include both government-wide (based on the County as a whole) and fund financial statements. Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business-type. In the government-wide statement of net position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reflected, on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

The government-wide statement of activities reflects both the gross and net costs per functional category (general government, public safety, highways and streets, etc.) which are otherwise being supported by general government revenues (property taxes, certain intergovernmental revenues, etc.). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. The program revenues must be directly associated with the function (general government, public safety, highways and streets, etc.) or a business-type activity. The operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The net cost (by function or business-type activity) is normally covered by general revenues.

COUNTY OF HAWAII

Notes to the Basic Financial Statements

June 30, 2020

The government-wide focus is more on the sustainability of the County as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The fund financial statements' emphasis is on the major funds in either the governmental or business-type categories. Nonmajor funds (by category) are summarized into a single column.

The governmental funds in the fund financial statements are presented using the current financial resource focus and modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. This presentation is deemed most appropriate to (a) demonstrate legal and covenant compliance, (b) demonstrate the source and use of liquid resources, and (c) demonstrate how the County's actual experience conforms to the budget fiscal plan. Since the governmental fund statements are presented using a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, a reconciliation is presented on the page following each statement, which briefly explains the adjustments necessary to transform the fund based financial statements into the governmental activities column of the government-wide presentation.

The County's fiduciary funds are presented in the fund financial statements by type (private purpose and agency). Since by definition these assets are being held for the benefit of a third party (private parties, state government, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

Government-wide and fund financial statements— The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component unit. The effect of interfund activity has been removed from these statements during the process of incorporating fund data but interfund services provided and used have not been eliminated in the process of consolidation. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (a) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported instead as general revenues.

COUNTY OF HAWAII

Notes to the Basic Financial Statements

June 30, 2020

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Activities in funds— The financial transactions of the County are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, deferred outflows of resources, liabilities, deferred inflows of resources, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis* for State and Local Governments, sets forth minimum criteria (percentage of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements and detailed in the combining section.

The County reports the following major governmental funds:

General Fund – The general fund is the general operating fund of the County. It is used to account for all activities of the general government, except those required to be accounted for in other funds.

Capital Projects Fund— Used to account for the costs of constructing County capital improvements financed with general obligation bond proceeds, federal and state grants, and general and special revenue fund revenues. The capital projects fund is used to account for financial resources to be used for the acquisition or construction of major general government capital facilities and infrastructure (other than those financed by proprietary funds and trust funds) when separate project centers are needed to control costs.

The County reports the following major proprietary funds:

Kula'imano Elderly Housing Project – Used to account for the operation of a rental housing project for low-income senior citizens located north of Hilo.

Ouli Ekahi Affordable Housing Project— Used to account for the operation of a 33-unit single-family affordable rental housing project located in Waimea.

COUNTY OF HAWAI'I

Notes to the Basic Financial Statements

June 30, 2020

The County reports the following fiduciary funds:

Private-Purpose Trust Funds – Used to account for funds received from geothermal developers to mitigate the effects of geothermal energy development. Also used to account for investment income on funds received from import businesses at the port of Hilo and the related expenditures to promote health and safety on the Island of Hawai'i.

Agency Funds – Used to account for assets held by the County for other governmental units and individuals. The agency funds are custodial in nature and do not involve measurement of results of operations. The County has the following agency funds:

- State Weight Tax Fund
- Improvement District No. 18 Fund
- Improvement District No. 19 Fund
- Improvement District No. 20 Fund
- Improvement District Revolving Fund
- Performance and Refundable Deposits Fund
- Payroll Clearance Fund
- Flexible Spending Account
- Lapsed Warrants Fund
- Non-Profit License Plates Fund
- Organ and Tissue Education Fund
- Business Improvement District 1-Kailua

Basis of Accounting

Basis of accounting refers to the period in which revenues and expenditures (or expenses) are recognized in the accounts and reported in the basic financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements and the proprietary, fiduciary and component unit fund financial statements are presented on an accrual basis of accounting. The governmental funds in the fund financial statements are presented on a modified accrual basis.

Accrual Basis - Revenues are recognized when earned and expenses are recognized when the related obligation is incurred.

Modified Accrual Basis - Revenues are recorded when susceptible to accrual (that is, both measurable and available). "Measurable" means the amounts are determinable. "Available" means the amounts are collectible within the current period or soon enough thereafter (one year for intergovernmental revenues) to be used to pay liabilities of the current period.

COUNTY OF HAWAII

Notes to the Basic Financial Statements

June 30, 2020

Licenses and permits, charges for current services, fines and forfeitures, penalties and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received. Real property taxes and State Revolving Fund loan proceeds are considered available when collected.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the County; therefore, revenues are recognized based upon the expenditures recorded. Most construction grants and many operating grants fall into this category. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

The County reports deferred inflow of resources in its fund financial statements (see Note 7). Deferred inflows of resources arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the deferred inflow is removed from the fund financial statements and revenue is recognized.

Expenditures are recognized under the modified accrual basis of accounting in the accounting period in which the fund liability is incurred. Exceptions to this general rule include: (a) accumulated compensated absences and claims and judgments which are recognized as expenditures when paid; (b) liabilities related to municipal solid waste landfill closure and postclosure care costs; (c) principal and interest on general long-term debt which are recognized as expenditures when due; and (d) liabilities relating to pollution remediation.

The County applies all applicable GASB pronouncements, including the adoption of GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB (Financial Accounting Standards Board) and AICPA (American Institute of Certified Public Accountants) Pronouncements*.

Encumbrances

The general, special revenue, and capital projects funds follow encumbrance accounting under which purchase orders, contracts and other commitments are recorded as an obligation of fund balance and provide authority for the carryover of appropriations to the subsequent year in order to complete these transactions. Encumbrances outstanding at year-end are included in the respective fund balance categories as appropriate and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

COUNTY OF HAWAII

Notes to the Basic Financial Statements

June 30, 2020

Cash and Investments

Cash and cash equivalents include cash on hand, amounts in demand deposits and savings accounts, and short-term investments with a maturity date of three months or less from the date acquired by the County.

Investments consist of certificates of deposit, repurchase agreements, and securities with original maturities exceeding three months. These include participating investment contracts (U.S. government sponsored agency issues and negotiable certificates of deposit) as well as nonparticipating investment contracts (time certificates of deposit and repurchase agreements). Both categories of investments are stated at fair value (see Note 3). Valuations of investments in government sponsored enterprises such as Federal National Mortgage Association (Fannie Mae) and Federal Home Loan Mortgage Corporation (Freddie Mac) are based on quoted market rates. Investments also consist of equity securities in the fiduciary fund financial statements. These investments are stated at fair value based on closing quoted prices.

Real Property Taxes

The County's real property taxes are levied on July 1 each year on assessed valuation as of January 1. The taxes become a lien on the property assessed as of the levy date. Taxes are due and payable in two equal annual installments on August 20 and February 20. Accordingly, real property taxes receivable as of June 30 are delinquent. Each delinquent installment bears interest at 1% per month and penalties of up to 10% of the amount due. Assessments are based on 100% of estimated fair market values prior to the application of exemptions or preferential assessments.

The County provides real property tax abatement under five programs – Enterprise Zone, Historic Residential Dedication, Low and Moderate Income Housing, Agricultural Use Programs, and Solar Water Heater Credit:

Enterprise Zone Exemption – Section 19-89.3 of the Hawai'i County Code provides buildings or other like structures which are built as a result of new construction by a qualified business within an enterprise zone to be exempt except for the minimum tax from real property taxes for a period of three years. The purpose of this program is to stimulate business and industrial growth. A qualified business in an enterprise zone must satisfy the requirements of Chapter 31 of the Hawai'i County Code and section 208E, Hawaii Revised Statutes.

Historic Residential Dedication Exemption – Section 19-89.1 of the Hawai'i County Code and Rule 36 of the Rules and Regulations of the Director of Finance provides an exemption to encourage the preservation of residential structures that have been placed on the Hawai'i Register of Historic Places after January 1, 1977. The property owner must provide visual access on a year-round basis or open the property to the public for twelve days per year. The owner certifies the current level of taxation is a material factor which threatens the continued existence of the historic status. This dedication is for a minimum period of ten years,

COUNTY OF HAWAII

Notes to the Basic Financial Statements

June 30, 2020

automatically renewable indefinitely. Cancellation of the dedication by either the owner or the Director of Finance may only be made upon five years' written advance notice and no earlier than the end of the fifth tax year. Any person who becomes an owner of the dedicated real property shall be subject to the restrictions and retroactive tax assessment provisions. If the dedication is approved, the exemption based upon the dedication shall be effective July 1 of the tax year following the approval of the dedication. The dedicated exempt property or portion of the property approved shall be subject to the minimum tax provisions of Section 19-90(e) of the Hawai'i County Code. If there is a breach in the agreement, the property would be subject to roll back taxes, including penalty and interest.

Low and Moderate-Income Housing Exemption – Section 19-87 of the Hawai'i County Code and Rule 37 of the Rules and Regulations of the Director of Finance provides an exemption for a housing project which is owned and operated by a nonprofit or limited distribution mortgagor or by a qualified entity from taxation. Must participate in long-term housing project that have regulatory agreements mandating rent levels, occupancy of the project is limited to the elderly, handicapped, low or moderate income families. Applicants must submit an application form along with a copy of the recorded regulatory agreement. The exemption is equal to 100% of the assessed value for the portion of the real property that is dedicated as low- and moderate-income rentals. If the entire property is dedicated, then the net taxable is zero but the property is still subject to the minimum tax per Section 19-90(e) of the Hawai'i County Code. The exemption shall continue so long as the rental housing project is owned and operated by a nonprofit or limited mortgagor. If the rental units do not comply with the regulatory conditions, the property would be subject to roll back taxes, including penalty and interest.

Non Dedicated Agricultural Use Assessment – Section 19-57 of the Hawai'i County Code and Rule 34 of the Rules and Regulations of the Director of Finance reduces assessments to encourage local agricultural production as well as the preservation of agricultural lands that could otherwise be further developed, by valuing these lands at the at two times the dedicate agricultural use value as opposed to the market value. Unlike the Dedicated Agricultural Use program, the zoning for this program must be agricultural. An application form must be filed along with a plot plan and provide details as to what agricultural activities is conducted on the property. Upon review and approval, the application is effective as of January 1 for the following tax year. Renewal of the application shall be in such form and at such time as requested by the director. Valuation consideration is given to the type of agricultural activity. Any breach to the terms of would result in an immediate rollback calculation of current plus two yeas taxes plus penalties and interest.

Commercial Agricultural Use Dedication – Section 19-60 of the Hawai'i County Code and Rule 31 of the Rules and Regulations of the Director of Finance provides reduced assessments to encourage local agricultural production as well as the preservation of agricultural lands that could otherwise be further developed, by valuing the dedicated lands at the agricultural use value as opposed to the market value. An application form must be filed along with a plot plan and provide details as to what agricultural activities is conducted on the property. Upon

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review and approval, the owner is required to record the dedication at the Bureau of Conveyances. There is currently only one available dedication length which is a 10 year period, however, previously there was a 20 year dedication. This dedication does not automatically renew. Valuation consideration is given to the type of agricultural activity. Any breach to the terms of the recorded dedication would result in the cancellation of the dedication, or portion thereof, and the immediate rollback calculation of taxes plus penalties and interest.

Solar Water Heater Credit- Section 19-104 of the Hawai'i County Code provides a one time tax credit per tax map key for up to \$300 for the owner of real property who installs a solar water heater on the owner's property on or after January 1, 2008. This program was created with the purpose of providing an incentive to support renewable energy. The owner must apply for the credit.

Information relevant to the disclosure of these programs for the fiscal year ended June 30, 2020 is as follows:

Tax Abatement Program	Amount of Taxes Abated - as defined by GASB 77
Enterprise Zone	\$3,638
Historic Residential Dedication	\$241,000
Low and Moderate Income Housing	\$828,907
Agricultural Use Programs	\$28,817,799
Solar Water Heater Credit	\$14,035

Inventories

Inventories consist of materials and supplies and are reported as expenditures at the time of purchase (purchase method). Police and fire department inventories are stated using the first in, first out (FIFO) method. Other inventories are stated at average cost.

Liquor Control

Section 281 of the Hawai'i Revised Statutes requires that liquor license revenues collected be used only for costs and expenses directly relating to operational and administrative costs actually incurred by the liquor commission collecting such fees. The unexpended fees at June 30, 2020 of \$956,286 are reflected as a restriction of general fund balance.

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Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, lighting systems, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value if available or if not, at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Capital assets of the primary government and enterprise fund are depreciated using the straight-line method over the following estimated useful lives of the assets:

<u>Assets</u>	<u>Years</u>
Infrastructure	20 to 100 years
Buildings and improvements	50 to 100 years
Ground and site improvements	20 to 50 years
Equipment	5 to 40 years
Easements	Dependent on terms of easement agreement

Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense or expenditure) until that time. The County has three items that qualifies for reporting in this category. The County reports the deferred loss on refunding and deferred outflow related to both pensions and other postemployment benefits (OPEB) as a deferred outflow of resources in its statement of net position.

Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. Property taxes, fees and other non-exchange transactions received in the current fiscal year for the ensuing fiscal year are reported as deferred inflows of resources. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The County also reports deferred inflows of resources related to both pensions and other postemployment benefits (OPEB).

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Long-term Obligations

The County reports long-term debt of governmental funds at face value on the government-wide statement of net position. Certain other governmental fund obligations not expected to be financed with current available resources are also reported on the government-wide statement of net position. Long-term debt and other obligations financed by the proprietary funds are reported as liabilities in those funds.

Compensated Absences

Employees earn vacation credit at the rate of one and three-quarter working days for each month of service. Up to ninety days of vacation leave credits can be accumulated per employee. In addition, employees who work overtime can elect to take compensatory time off instead of overtime pay. The time off is earned at the rate of one-and-a-half hours for each hour of overtime worked. There is no statutory limit to the amount of compensatory time off an employee can accumulate. Both compensatory time off and vacation credits are converted to pay upon termination of employment.

A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. All vacation and compensatory time off pay is accrued in the government-wide statement of net position along with the estimated liability for social security and Medicare taxes and employers' retirement contributions on those amounts.

Sick leave accumulates without limit. Sick leave can be taken only in the event of illness and is not convertible to pay upon termination of employment; therefore there is no related liability. However, a County employee who retires or leaves government service in good standing with 60 days or more of unused sick leave is entitled to additional service credit in the Employees' Retirement System of the State of Hawai'i. Accumulated sick leave at June 30, 2020 totaled \$78,613,000 for the primary government.

Leases

Leases transferring substantially all of the risks and benefits of ownership are recorded as capital leases; other leases are operating leases (see Note 8). Capital leases are recorded as capital asset additions at their estimated fair value at the inception of the lease and the related present value of the future minimum lease obligations is recorded as long-term debt. Operating lease expenditures and expenses are recognized when the lease obligation is paid.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Employees' Retirement System of the State of Hawai'i (ERS) and

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additions to and deductions from ERS's fiduciary net position have been determined on the same basis as they are reported by ERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefits (OPEB)

For the purposes of measuring the net OPEB liability, deferred outflows or resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Hawaii Employer-Union Health Benefits Trust Fund ("EUTF") and additions to/deductions from EUTF's fiduciary net position have been determined on the same basis as they are reported for EUTF. For this purpose, EUTF recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for investments in commingled and money market funds, which are reported at net asset value (NAV). The NAV is based on the fair value of the underlying assets held by the respective fund less its liabilities.

Operating Revenues and Expenses

Revenues and expenses are distinguished between operating and nonoperating items for the proprietary funds. Operating revenues generally result from providing services in connection with the proprietary funds' principal ongoing operations. The principal operating revenues of the proprietary funds are fees charged to residents for rent and rental subsidies received from the federal government.

Operating expenses include the costs associated with providing housing for tenants, such as utilities, lease rent, and maintenance and repairs; administrative expenses; and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

Use of Estimates

The preparation of the basic financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, as well as disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues, expenditures, and other financing sources and uses during the reporting period. Actual results could differ from those estimates.

Fund Balances

When both restricted and unrestricted fund balances are available for use, it is the County's policy to use restricted fund balance first, then unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then

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unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

The County reports the following classifications:

Nonspendable Fund Balance – Nonspendable fund balances are amounts that cannot be spent because they are either not in spendable form, or, for legal or contractual reasons, must be kept intact. The County has inventory included in their nonspendable fund balance.

Restricted Fund Balance – Constraints placed on the use of these resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors or other governments or are imposed by law (under the Hawai‘i Revised Statutes or County of Hawai‘i Charter).

Committed Fund Balance – Committed Fund Balances are amounts that can only be used for specific purposes as a result of constraints imposed by the County Council via ordinances and the County Code and can only be undone via the same manner. The committed fund balance of the General Fund includes the portion of fund balance committed to budget stabilization. The budget stabilization portion is authorized under County Code §2-219 to §2-223 and additions are made via the County budget or subsequent budget amendments. The fund balance may only be used when there is a reduction in budgeted revenue and the director of finance determines that such use is necessary to prevent a reduction in the level of public services.

Assigned Fund Balance– Assigned fund balances are amounts that are constrained by the County’s intent as determined by the Mayor but are neither restricted nor committed. The County’s only assigned fund balances are in the General Fund and Capital Projects Fund and the majority consists of the portion of fund balance that is intended to balance the subsequent year’s budget, which is conveyed by the Mayor via his approval of allotment requests and his approval of the current year’s fund balance amount to be included in the submittal for next year’s annual budget ordinance.

Unassigned Fund Balance – This is the residual classification of the General Fund. The General Fund is the only fund that could potentially report a positive unassigned fund balance.

The category of Other for the Restricted, Committed and Assigned fund balances on the Governmental Funds Balance Sheet include funds restricted for the purposes of housing and rental assistance; parks and recreation projects; general and public safety facilities; liquor control; taxicab investigations; special duty officers and sewer loan programs.

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Net Position

When both restricted and unrestricted net position are available for use, it is the County's policy to use restricted net position first, and then unrestricted net position.

New Accounting Pronouncements

In May 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in connection with the COVID-19 pandemic. This Statement postponed the effective dates of the following Statements that may have an impact on the County's financial statements:

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. The principal objective of this Statement is to enhance the consistency and comparability fiduciary activity reporting by state and local governments. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019, as postponed by GASB 95. The County has not yet determined the effect this Statement will have on its financial statements.

In August 2018, GASB issued Statement No. 90, *Majority Equity Interests-An Amendment of GASB Statements No. 14 and No. 61*. The objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019, as postponed by GASB 95. The County has not yet determined the effect this Statement will have on its financial statements.

In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. The objective of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature. The requirements of this Statement relating to leases, reinsurance recoveries, and derivative instruments are effective upon issuance. The other requirements are either effective for fiscal years or reporting periods beginning after June 15, 2021. The County has not yet determined the effect these requirements will have on its financial statements.

In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. The County has not yet determined the effect this Statement will have on its financial statements.

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In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020, as postponed by GASB 95. The County has not yet determined the effect this Statement will have on its financial statements.

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. The County has not yet determined the effect this Statement will have on its financial statements.

In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this Statement are to address accounting and financial reporting implications resulting from the replacement on an interbank offered rate (IBOR). The requirements of this Statement are effective beginning with reporting periods that begin after December 31, 2021. The County has not yet determined the effect this Statement will have on its financial statements.

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022. The County has not yet determined the effect this Statement will have on its financial statements.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The objective of this Statement is to provide uniform guidance for accounting and financial reporting for transactions that meet the definition of a subscription-based information technology arrangement. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022. The County has not yet determined the effect this Statement will have on its financial statements.

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plan*—An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32. The primary objective of this Statement is to create more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans and other employee benefit plans, while mitigating associated costs. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. The County has not yet determined the effect this Statement will have on its financial statements.

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2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Annual Budget

The County follows these procedures in establishing its operating and capital budgets:

- On or before March 1, the Mayor submits to the County Council proposed operating and capital projects budgets for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures for the general fund and special revenue funds, and the means of financing them. A project-length budget is submitted to the County Council for the capital projects fund.
- The Mayor submits to the County Council amendments to the proposed operating and capital budgets within ten working days after the close of the state legislature, but not later than May 5.
- The County Council conducts public hearings on the proposed operating and capital budgets after March 1 but prior to the first reading on the budget bills, which must be after May 5.
- On or before June 30, the County Council adopts the budgets. The legal level of budgetary control is the department level because the Mayor can transfer funds from any unencumbered appropriation to another within a department or agency without County Council approval. During the year, the budget may be amended by action of the County Council, except for appropriations required by law and appropriations for debt service, which may not be decreased or deleted. Supplemental appropriations were made during the 2019-20 fiscal year to recognize revenue from sources not anticipated at the time of the original budget and to establish the authorization for such funds to be expended. Such supplemental appropriations totaled \$42.4 million in the general fund and \$3.8 million in the special revenue funds. Legally adopted budgets include the General Fund, Highway Fund, Sewer Fund, Solid Waste Fund, Cemetery Fund, Parking Meter Fund, Vehicle Disposal Fund, Bikeway Fund, Workforce Investment Act Fund, Golf Course Fund, Geothermal Relocation and Community Benefits Fund, Beautification Fund, Hawai'i County Housing Agency Fund, Park Dedication Fund, General Excise Tax Fund, and Short-Term Vacation Rental Enforcement Fund.
- Appropriations for the operating budget lapse at the end of the fiscal year to the extent that they have not been expended or encumbered. Appropriations for capital expenditures that are not encumbered lapse at the end of two fiscal years following the fiscal year that the appropriation was made.

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- Formal budgetary integration is employed as a management control device during the year for the General Fund, special revenue funds, and Capital Projects Fund. Formal budgetary integration is not employed for debt service funds because effective budgetary control is alternatively achieved through general obligation bond indenture provisions.
- The accompanying statement of revenues, expenditures and changes in fund balances – budget and actual (budgetary basis) for the General Fund presents a comparison of the legally adopted budget with actual data on a budgetary basis. Accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with GAAP. On the budgetary basis, intergovernmental revenues are recognized when awarded by the granting agency, encumbrances and unexpended allotments are treated as expenditures, accounts payable are not accrued, and all leases are treated as operating leases. In preparing the financial statements on a GAAP basis, accounts payable are accrued and treated as a reduction of encumbrances for balance sheet presentation.

Budget to GAAP Reconciliation

The following is a summary of the adjustments necessary to convert fund balances of the County's General Fund from a GAAP basis to a budgetary basis at June 30, 2020:

Ending fund balance – GAAP basis	\$84,859,068
Encumbrance adjustments:	
Beginning encumbrances and unexpended allotments	1,156,030
Ending encumbrances and unexpended allotments	(1,589,411)
Other adjustments	<u>(1,525,854)</u>
Ending fund balance – Non-GAAP budgetary basis	<u>\$82,899,833</u>

3. CASH AND INVESTMENTS

The Director of Finance is responsible for the safekeeping of all monies paid to the County. The Director of Finance invests any monies of the County which in the Director's judgment are in excess of the amounts necessary for meeting the day-to-day operating needs of the County. Under Section 46-50 of the Hawai‘i Revised Statutes, legally authorized investments include obligations of or guaranteed by the U.S. government, obligations of the State, federally insured savings and checking accounts, time certificates of deposit, and repurchase agreements with federally insured financial institutions.

COUNTY OF HAWAI'I

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Cash

The County maintains a number of checking and savings accounts for various funds and with various financial institutions. Bank deposits are under the custody of the Director of Finance. For financial statement reporting purposes, cash and short-term investments consist of cash and money market accounts. Cash and short-term investments also include repurchase agreements, certificates of deposit, and government sponsored securities with original maturities of three months or less.

The carrying amount of the County's deposits (cash, time certificates of deposit, and money market accounts) as of June 30, 2020 was \$297,816,686 for the primary government and \$7,362,914 for the fiduciary funds.

Information relating to bank balance, insurance and collateral of cash deposits is determined on a county-wide basis. Total bank balances of deposits for the primary government and fiduciary funds amounted to \$319,384,870 at June 30, 2020. Of that amount, \$317,951,440 represents bank balances covered by federal deposit insurance or by collateral held by the County's fiscal agents in the name of the County. The remaining bank balances of \$1,433,430 represent deposits held by a management agent and were uncollateralized. Accordingly, these deposits were exposed to custodial credit risk. Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. For checking and savings accounts, time certificates of deposit, and repurchase agreements, the County requires, in accordance with State statutes, that the depository banks pledge collateral based on the available bank balances for the protection of the funds deposited. All securities pledged as collateral are held by the County's fiscal agents in the name of the County. The County also requires that no more than 60% of the County's total funds available for deposit may be deposited in any one financial institution, in accordance with State statutes.

Investments

The County holds investments both for its own benefit and on behalf of some of the fiduciary funds. The County's investments of funds not required for immediate payments are predominately comprised of government sponsored securities (equivalent to the rating in U.S. Treasuries), repurchase agreements and certificates of deposit, while the fiduciary funds also hold equity securities.

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The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy are described as follows:

Level 1 – Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that a government can access at the measurement date. An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 – Inputs other than quoted prices included within level 1 that are observable for an asset or liability, either directly or indirectly. If the asset or liability has a specified (contractual) term, a level 2 input must be observable for most of the full term of the asset or liability.

Level 2 inputs include:

- Quoted prices for similar assets or liabilities in active markets,
- Quoted prices for identical assets or liabilities in markets that are not active,
- Inputs other than quoted prices that are observable for the asset or liability,
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs are unobservable for an asset or liability.

Following is a description of the valuation techniques used by the County to measure fair value:

Government sponsored securities of \$11,149,082 and certificates of deposits of \$63,048,130: Valued using quoted prices at the end of the fiscal year for identical or similar assets in markets that are not active (Level 2).

Equity securities of \$1,795,203: Valued using quoted prices in active markets for identical assets or liabilities that a government can access at the measurement date (Level 1).

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The County's investments and maturities at June 30, 2020 are as follows:

	Fair Value	Maturity (in years)	
		Less than 1	1 – 5
Investments – Primary Government:			
Certificates of deposit	\$ 62,797,882	\$ 56,419,890	\$ 6,377,992
Government sponsored securities	<u>10,746,216</u>	<u>3,010,860</u>	<u>7,705,356</u>
	<u>\$ 73,544,098</u>	<u>\$ 59,430,750</u>	<u>\$ 14,083,348</u>
Investments – Private-Purpose Trusts:			
Government sponsored securities	\$ 397,646	\$ --	\$ 397,646
Equity securities	<u>1,795,203</u>	<u>1,795,203</u>	<u>--</u>
	<u>\$ 2,192,849</u>	<u>\$ 1,795,203</u>	<u>\$ 397,646</u>
Investments – Agency Funds:			
Certificates of deposit	\$ 250,248	\$ 250,248	\$ --
Government sponsored securities	<u>35,220</u>	<u>--</u>	<u>35,220</u>
	<u>\$ 285,468</u>	<u>\$ 250,248</u>	<u>\$ 35,220</u>

Interest Rate Risk: The County minimizes its exposure to interest rate risk by limiting the maturities of investments to five years or less in compliance with state statute. The County's policy is to hold investments until maturity and does not engage in trading for capital gains.

Credit Risk: The County's investment portfolio primarily consists of U.S. government or agency obligations, bonds of government sponsored enterprises, time certificates of deposit and repurchase agreements. These investments are either insured by the FDIC, secured by collateral or carry a credit rating equivalent to U.S. Treasuries.

Custodial Risk: Custodial risk is the risk of loss from the failure of the counterparty, which is defined as any entity that obtained an investment on behalf of the County. All of the County's deposits including repurchase agreements are secured by collateral which is kept by a third party custodian. Broker-dealers utilized by the County are members of the Securities Investor Protection Corporation, and all investment securities are held in the County's name.

Concentration of Credit Risk: State law limits deposits to no more than 60% of the total in any one depository. The County seeks to further diversify its portfolio by purchasing from different issuers, by purchasing different types of investments and by purchasing investments at different maturities. The County also purchases its investments from a number of banks and broker-dealers both located locally and on the mainland. As of June 30, 2020, investments were distributed as follows: FTN Financial, 0.9%; Multi Bank Securities, 7.1%; First Hawaiian Bank, 30.4%; Raymond James, 2.0%; Stifel Nicolaus & Company, 3.1%; Bank of Hawaii, 18.8%; Territorial Savings 12.2%; US Bank, 2.5% and Central Pacific Bank, 23.0%.

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Restricted Cash and Cash Equivalents and Investments

Cash and cash equivalents and investments classified as restricted assets for the primary government at June 30, 2020 amounted to \$146,398,420.

Construction related contributions restricted to various capital improvement projects and fuel tax funds received are recorded as restricted assets in the Capital Projects Fund. Such funds totaled \$48,023,575 at June 30, 2020.

Cash and investments in the Bond Redemption Fund and the Interest Fund are restricted to debt service related payments and amounted to \$39,094,547.

Cash in the Highway Fund, Bikeway Fund, General Excise Tax and Beautification Fund are restricted to costs incurred relating to highways and streets and the beautification of such items and amounted to \$25,773,612.

Cash in the Hawaii County Housing Agency and Short-term Vacation Rental Enforcement Fund classified as restricted to provide public housing assistance and housing rules enforcement amounted to \$4,298,639.

The restricted cash in the General Fund was comprised of cash restricted to costs incurred to administer the liquor commission and cash restricted to the acquisition and maintenance of lands or property entitlements for public outdoor recreation and education. Such amounts totaled \$956,286 and \$28,136,086, respectively.

Tenant security deposits received by the County for the Kula'imano Elderly Housing Project and the Ouli Ekahi Affordable Housing Project are recorded as restricted assets. Such funds amounted to \$13,758 and \$29,230, respectively, at June 30, 2020.

An operating reserve fund was established by the Ouli Ekahi Affordable Housing Project pursuant to an agreement with the Hawai'i Housing Finance and Development Corporation, who are the holders of the project's note. This restricted reserve amounted to \$72,687 at June 30, 2020.

COUNTY OF HAWAII

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4. RECEIVABLES

Receivables as of June 30, 2020, for the County's individual major funds and other funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Governmental activities:

	General Fund	Capital Projects Fund	Other Governmental Funds	Total
Real property taxes	\$36,233,872	\$ --	\$ --	\$36,233,872
Accounts receivable:				
Sewer	--	--	2,465,560	2,465,560
Solid waste	--	--	929,591	929,591
Intergovernmental	<u>26,460,253</u>	<u>6,842,866</u>	<u>18,694,695</u>	<u>51,997,814</u>
Gross receivables	62,694,125	6,842,866	22,089,846	91,626,837
Less: allowance for uncollectibles	<u>(7,798,122)</u>	<u>--</u>	<u>(780,896)</u>	<u>(8,579,018)</u>
Net total receivables	<u>\$54,896,003</u>	<u>\$ 6,842,866</u>	<u>\$21,308,950</u>	<u>\$83,047,819</u>

During fiscal year 2005, the County issued \$3,887,493 in general obligation bonds on behalf of Improvement District No. 18, an agency fund. On February 12, 2013 bonds were issued to refund the outstanding principal balance of \$1,345,945 for the Improvement District. During fiscal year 2014 and 2015, the County also issued \$448,669 and \$720,331, respectively, in general obligation bonds on behalf of Improvement District No. 19, an agency fund. At June 30, 2020, the outstanding balance for both Improvement Districts of \$1,887,115 is reflected in the government-wide statement of net position as a receivable (see Note 10).

Business-type activities:

	Enterprise Funds
Accounts receivable:	
Rent	\$17,277
Other	<u>346</u>
Gross receivables	17,623
Less: allowance for uncollectibles	<u>(6,852)</u>
Net total receivables	<u>\$ 10,771</u>

COUNTY OF HAWAII

Notes to the Basic Financial Statements

June 30, 2020

5. INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables consist of the following at June 30, 2020:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Capital projects fund	\$ 590,169
	Other governmental funds	<u>1,585,454</u>
		2,175,623
Capital projects fund	Other governmental funds	6,723,688
Other governmental funds	General fund	2,192,921
	Capital projects fund	5,526
	Other governmental funds	<u>220,165</u>
		2,418,607
Total		<u>\$11,317,918</u>
Other governmental funds	Enterprise funds	<u>\$4,000</u>

The above interfund balances result from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded, and payment between funds are made.

Transfers for the fiscal year ended June 30, 2020 consisted of the following:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Transfers in:				
Capital Projects Fund	\$ 54,980	\$ --	\$16,064,411	\$16,119,391
Other governmental funds	<u>66,180,787</u>	<u>--</u>	<u>7,898,787</u>	<u>74,079,574</u>
	<u>\$66,235,767</u>	<u>\$ --</u>	<u>\$ 23,963,198</u>	<u>\$90,198,965</u>

The interfund transfers noted above include transfers from the General Fund to provide support for various County programs and to provide resources for the payment of debt services. In addition, some of the other governmental funds have made transfers to the capital projects fund for the construction of various projects.

COUNTY OF HAWAII

Notes to the Basic Financial Statements

June 30, 2020

6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020 for the County was as follows:

	Balance July 1, 2019	Additions	Retirements/ Transfers	Balance June 30, 2020
Governmental activities:				
Capital assets not being depreciated:				
Land and improvements	\$ 263,470,318	\$ 15,418,041	\$ --	\$ 278,888,359
Easements	6,232,881	4,866,505	--	11,099,386
Construction work in progress	<u>58,455,811</u>	<u>42,822,755</u>	<u>(20,947,715)</u>	<u>80,330,850</u>
Total capital assets not being depreciated	<u>328,159,010</u>	<u>63,107,301</u>	<u>(20,947,705)</u>	<u>370,308,596</u>
Capital assets being depreciated:				
Buildings and improvements	768,798,968	21,165,414	(86,003)	789,878,379
Equipment	164,575,138	8,533,727	(3,782,993)	169,325,872
Easements	456,497	142	--	456,639
Infrastructure	<u>653,345,967</u>	<u>9,571,594</u>	<u>(446,497)</u>	<u>662,471,064</u>
Total capital assets being depreciated	<u>1,587,176,570</u>	<u>39,270,877</u>	<u>(4,315,493)</u>	<u>1,622,131,954</u>
Less accumulated depreciation for:				
Buildings and improvements	(141,052,396)	(13,231,151)	8,055	(164,275,392)
Equipment	(105,238,035)	(9,247,966)	3,572,405	(100,913,596)
Easements	(439,300)	--	--	(439,300)
Infrastructure	<u>(340,467,210)</u>	<u>(25,833,054)</u>	<u>86,403</u>	<u>(366,203,850)</u>
Total accumulated depreciation	<u>(587,196,940)</u>	<u>(48,312,107)</u>	<u>3,666,973</u>	<u>(631,842,139)</u>
Total capital assets being depreciated, net	<u>999,979,629</u>	<u>(9,041,294)</u>	<u>(648,520)</u>	<u>990,289,805</u>
Governmental activities capital assets, net	<u>\$1,328,138,639</u>	<u>\$ 54,066,007</u>	<u>(\$21,596,235)</u>	<u>\$1,360,608,411</u>

COUNTY OF HAWAII

Notes to the Basic Financial Statements

June 30, 2020

	Balance July 1, <u>2019</u>	<u>Additions</u>	<u>Retirements/ Transfers</u>	Balance June 30, <u>2020</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ <u>753,877</u>	\$ <u>--</u>	\$ <u>--</u>	\$ <u>753,877</u>
Capital assets being depreciated:				
Buildings and improvements	1,593,187	536,037	--	2,129,224
Ground and site improvements	272,850	--	--	272,850
Equipment	<u>119,909</u>	<u>83,691</u>	<u>(65,816)</u>	<u>137,784</u>
Total capital assets being depreciated	<u>1,985,946</u>	<u>619,728</u>	<u>(65,816)</u>	<u>2,539,858</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,054,777)	(42,000)	--	(1,096,777)
Ground and site improvements	(223,651)	(4,347)	--	(227,998)
Equipment	<u>(95,841)</u>	<u>(16,108)</u>	<u>60,882</u>	<u>(51,067)</u>
Total accumulated Depreciation	<u>(1,374,269)</u>	<u>(62,455)</u>	<u>60,882</u>	<u>(1,375,842)</u>
Total capital assets being depreciated, net	<u>611,677</u>	<u>557,273</u>	<u>(4,934)</u>	<u>1,164,016</u>
Business-type activities capital assets, net	<u>\$ 1,365,554</u>	<u>\$ 557,273</u>	<u>\$ (4,934)</u>	<u>\$ 1,917,893</u>

COUNTY OF HAWAII

Notes to the Basic Financial Statements

June 30, 2020

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 2,659,290
Public safety	4,563,086
Highways and streets	27,668,832
Sanitation	7,587,474
Health, education and welfare	2,255,247
Culture and recreation	<u>3,578,242</u>
Total depreciation expense - governmental activities	<u>\$48,312,171</u>
Business-type activities:	
Kula'imano Elderly Housing Project	\$42,068
Ouli Ekahi Affordable Housing Project	<u>20,387</u>
Total depreciation expense - business-type activities	<u>\$62,455</u>

7. DEFERRED INFLOW OF RESOURCES

Deferred inflow of resources consists of the following at June 30, 2020:

Governmental activities:

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Real property taxes	\$ 30,350,593	\$ --	\$ --	\$ 30,350,593
Liquor control revenue	152,256	--	--	152,256
Sewer revenue	--	--	1,723,643	1,723,643
Housing revenue	--	--	115,182	115,182
Solid waste revenue	<u>--</u>	<u>--</u>	<u>890,611</u>	<u>890,611</u>
Total presented in fund financial statements	30,502,849	--	2,729,436	33,232,285
Add deferred inflows of resources related to pensions & OPEB	19,305,022	--	--	19,305,022
Less adjustments for accrual of revenues	<u>(28,435,750)</u>	<u>--</u>	<u>(2,729,436)</u>	<u>(31,165,186)</u>
Total government- wide financial statements	<u>\$ 21,372,121</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 21,372,121</u>

COUNTY OF HAWAII

Notes to the Basic Financial Statements

June 30, 2020

8. LEASES

The County leases machinery and equipment under noncancellable leases expiring at various dates through May 2025. These capital leases are financed from the resources of various funds.

The estimated value of the leased machinery and equipment at the inception of the capital leases and accumulated depreciation, amounting to \$19,426,559 and \$3,347,907, respectively, and the related present value of the remaining obligations under the capital leases amounting to \$10,771,109 at June 30, 2020 are included in capital assets and long-term debt, respectively.

The County also leases land, office facilities and other equipment under noncancellable operating leases expiring through August 2045. Expenditures for such operating leases were \$1,774,357 for the fiscal year ended June 30, 2020.

The future minimum payments under capital and operating leases at June 30, 2020 are as follows:

	Capital Leases	Operating Leases
Year Ending June 30:		
2021	\$3,909,435	\$ 1,769,251
2022	3,078,528	1,564,197
2023	2,551,669	884,563
2024	1,312,657	597,981
2025	410,489	138,917
2026 - 2030	--	62,796
2031 - 2035	--	902
2036 - 2040	--	900
2041 - 2045	--	900
2046 - 2049	--	31
Total minimum lease payments	<u>11,262,778</u>	<u>\$5,020,438</u>
Less amount representing interest	<u>(491,669)</u>	
Obligations under capital leases	<u>\$10,771,109</u>	

9. SOLID WASTE LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

Hilo Landfill In December 2019, the County closed its landfill located in the city of Hilo. Under state and federal requirements, the County would have to monitor and maintain this site for thirty years from the closure date. The estimated cost of closure and postclosure is \$25,823,000, based on what it would cost to perform the required closure and postclosure care in 2020. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. Through June 30, 2020, \$20,716,000 was spent on closure and postclosure care of the landfill. The remaining estimated liability of \$5,107,000 is included in the government-wide statement of net position. During the year ended June 30, 2020, \$19,800,000 was spent

COUNTY OF HAWAII

Notes to the Basic Financial Statements

June 30, 2020

on closure of the landfill. The County is providing financial assurance for postclosure care and remediation through self insurance as explained below.

Kealahou In October 1993, the County closed its Kealahou landfill in Kona. Under state and federal requirements, the County would have to monitor and maintain this site for ten years from the closure date. However, the County anticipates monitoring and maintaining the site for thirty years because there is presently a subterranean fire which requires active management. The estimated cost of closure and postclosure is \$17,250,000, based on what it would cost to perform the required closure and postclosure care in 2020. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. Through June 30, 2020, \$9,002,000 was spent on closure and postclosure care of the landfill.

The remaining estimated liability of \$8,248,000 is included in the government-wide statement of net position. During the year ended June 30, 2020, \$114,000 was spent on closure of the landfill. The County is providing financial assurance for postclosure care and remediation through self insurance as explained below.

Pu'uanaehou In May 1993, the County contracted with a private company to construct and operate a new landfill on County land at Pu'uanaehou in West Hawaii. The present contract calls for County employees to perform the daily operations of the landfill, and for the private company to retain the overall management as well as perform all construction work on the landfill cells. Under the terms of the contract, the County has no responsibility for remediation, closure or postclosure care. Accordingly, no liability for this landfill is included in the County's financial statements.

Financial Assurance For fiscal year 2020, the County has provided for financial resources that will be available to provide for closure, postclosure care and remediation or containment of environmental hazards at the above landfills, except Pu'uanaehou. The Environmental Protection Agency's financial assurance rules include a local government financial test consisting of a financial component, a public notice component, and a recordkeeping component. Local governments are required to satisfy each of the three components to pass the annual test. Management believes that the County has satisfied each of the components of the local government financial assurance requirements.

In fiscal year 2013, the County closed its two metal salvage facilities located near the Hilo and Kealahou Transfer Stations. State law requires the County to perform necessary closure activities, including, but not limited to, the removal of all remaining solid waste and performing appropriate site assessments and remedial activities. The estimated liability of approximately \$19,341,000 for the remediation costs associated with these closures is included in the County's financial statements and is based on closure plans prepared by a science and engineering consultant contracted by the County, and the current value of costs expected to be incurred. The liability could change over time due to inflation or deflation, changes in technology, or changes in laws and regulations governing the remediation effort.

COUNTY OF HAWAII

Notes to the Basic Financial Statements

June 30, 2020

The County currently maintains and utilizes 7 underground fuel storage tanks to fuel both official and private vehicles that are used for County business. The tanks range in size from 1,000 to 8,000 gallons. The estimated liability of \$1,775,000 for the cost to check for ground contamination and potential cleanup is included in the County's financial statements.

10. LONG-TERM DEBT

General Obligation Bonds

The County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. These bonds have been issued by the County for the primary government, component unit activities (see Note 14) and an improvement district.

The County's general obligation bonds are an absolute and unconditional general obligation of the County for which its full faith and credit are pledged. The principal and interest payments on the bonds are a first charge on the general fund of the County.

The 2010 Series B bonds were issued as bonds designated as "Recovery Zone Economic Development Bonds" under the American Recovery and Reinvestment Act of 2009. The County will receive a cash subsidy payment from the United States Treasury equal to 45% of the interest payable on the Series B bonds.

The following is a summary of general obligation bond transactions reported in the governmental activities section of the government-wide statement of net position for the County for the fiscal year ended June 30, 2020:

Bonds Authorized	Issue Amount	Bond Balance July 1, 2019	Issues	Retirements	Bond Balance June 30, 2020	Due Within One Year
2007 Series C	\$ 10,787,388	\$ 2,344,659	\$ --	(\$ --)	\$ 2,344,659	\$ 1,144,611
2010 Series A	26,493,750	1,455,000	--	(1,455,000)	--	--
2010 Series B	18,506,250	14,190,000	--	(978,750)	13,211,250	1,023,750
2013 Series A	58,509,892	4,375,126	--	(2,323,814)	2,051,312	2,445,048
2013 Series B	21,010,000	11,655,000	--	(2,145,000)	9,510,000	2,235,000
2013 Series C	18,470,000	11,980,000	--	(1,805,000)	10,175,000	1,875,000
2013 PI Series A	1,169,000	1,080,564	--	(23,649)	1,056,915	24,300
2016 Series A	99,620,000	99,620,000	--	--	99,620,000	4,180,000
2016 Series B	13,497,500	11,257,500	--	(1,187,500)	10,070,000	1,240,000
2016 Series C	44,835,000	41,290,000	--	(3,725,000)	37,565,000	3,915,000
2016 Series D	28,860,000	28,860,000	--	(2,280,000)	26,580,000	2,400,000
2016 Series E	19,061,250	19,061,250	--	--	19,061,250	1,545,000
2016 Series F	10,040,000	3,390,000	--	(3,390,000)	--	--
2017 Series A	90,000,000	87,315,000	--	(2,820,000)	84,495,000	2,965,000
2017 Series C	2,083,779	1,066,347	--	(1,066,347)	--	--
2017 Series D	<u>43,475,000</u>	<u>43,475,000</u>	--	--	<u>43,475,000</u>	--
	506,418,809	382,415,446	--	(23,200,060)	359,215,386	24,992,709
Add unamortized premium	<u>87,853,899</u>	<u>58,024,081</u>	--	<u>(4,800,919)</u>	<u>53,223,162</u>	<u>4,757,434</u>
	<u>\$594,272,708</u>	<u>\$440,439,527</u>	--	<u>(\$28,000,979)</u>	<u>\$412,438,548</u>	<u>\$29,750,143</u>

COUNTY OF HAWAII

Notes to the Basic Financial Statements

June 30, 2020

General obligation bonds payable reported in the governmental activities section on the government-wide statement of net position at June 30, 2020 are comprised of the following individual issues:

Public improvement (PI) and/or refunding bonds:	
2007 Series C at 4.0% to 5.0%, due through 2021	\$ 2,344,659
2010 Series B at 3.335% to 6.1%, due through 2030	13,211,250
2013 Series A at 2.0% to 5.0%, due through 2020	2,051,312
2013 Series B at 3.0% to 5.0%, due through 2023	9,510,000
2013 Series C at 4.0% to 5.0%, due through 2024	10,175,000
2013 PI Series A at 2.75%, due through 2048	1,056,915
2016 Series A at 3.0% to 5.0%, due through 2035	99,620,000
2016 Refunding Series B at 3.0% to 5.0%, due through 2026	10,070,000
2016 Refunding Series C at 5.0%, due through 2027	37,565,000
2016 Refunding Series D at 5.0%, due through 2028	26,580,000
2016 Refunding Series E at 2.0% to 5.0%, due through 2029	19,061,250
2017 Series A at 5.0%, due through 2037	84,495,000
2017 Refunding Series D at 3.0% to 5.0%, due through 2032	<u>43,475,000</u>
Total general obligation bonds payable	<u>\$359,215,386</u>

Annual debt service requirements to maturity for the above general obligation bonds are as follows:

Fiscal year ending June 30:	Governmental Activities	
	Principal	Interest
2021	\$ 24,992,709	\$ 16,351,526
2022	26,406,084	15,111,597
2023	26,457,516	13,836,161
2024	27,753,775	12,539,036
2025	26,482,300	11,233,098
2026- 2030	119,736,472	37,979,465
2031 - 2035	78,303,373	15,177,060
2036- 2040	28,662,834	1,764,938
2041 - 2045	220,848	42,941
2046 - 2049	<u>199,475</u>	<u>11,153</u>
Total	<u>\$359,215,386</u>	<u>\$124,046,975</u>

Refunded Bonds

In periods prior to the year ended June 30, 2020, the County defeased certain general obligation bonds by placing the proceeds of new bonds in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County's financial statements. As of June 30, 2020, approximately \$61.1 million of bonds outstanding were considered defeased.

COUNTY OF HAWAII

Notes to the Basic Financial Statements

June 30, 2020

Bond Premiums

At June 30, 2020, total unamortized bond premiums were \$53,223,162, which are being amortized over the remaining life of the respective bond issues.

Bonds Authorized and Unissued

The County Council has authorized the issuance of \$646.1 million in general obligation bonds to finance both specified and unspecified capital improvement projects. At June 30, 2020, \$301.4 million was not yet issued.

Subsequent Events On November 4, 2020, the County issued a total of \$77,135,000 in general obligation bonds. The interest rates range from 0.34 to 5.0%. The bonds are due through 2040. The bonds were authorized as noted above. The proceeds from these bonds were used to retire the previously issued Bond Anticipation Notes (BANs) that were considered a liability at the governmental fund level.

General Obligation Bond Anticipation Notes

The following is a summary of general obligation bond anticipation note transactions reported in the government-wide statement of net position for the County for the fiscal year ended June 30, 2020:

<u>Note No.</u>	<u>Issue Amount</u>	<u>Balance July 1, 2019</u>	<u>Issues</u>	<u>Retirements</u>	<u>Balance June 30, 2020</u>
Series E, Note R-1	\$ 6,000,000	\$ 6,000,000	\$ --	(\$ 6,000,000)	\$ --
Series E, Note R-2	6,000,000	6,000,000	--	(6,000,000)	--
Series E, Note R-3	6,000,000	6,000,000	--	(6,000,000)	--
Series E, Note R-4	6,000,000	6,000,000	--	(6,000,000)	--
Series E, Note R-5	4,000,000	4,000,000	--	(4,000,000)	--
Series E, Note R-6	500,000	500,000	--	(500,000)	--
Series E, Note R-7	500,000	500,000	--	(500,000)	--
Series E, Note R-8	500,000	500,000	--	(500,000)	--
Series E, Note R-9	500,000	500,000	--	(500,000)	--
Series E, Note R-10	6,000,000	--	6,000,000	--	6,000,000
Series E, Note R-10	6,000,000	--	6,000,000	--	6,000,000
Series E, Note R-12	6,000,000	--	6,000,000	--	6,000,000
Series E, Note R-13	6,000,000	--	6,000,000	--	6,000,000
Series E, Note R-14	4,000,000	--	4,000,000	--	4,000,000
Series E, Note R-15	500,000	--	500,000	--	500,000
Series E, Note R-16	500,000	--	500,000	--	500,000
Series E, Note R-17	500,000	--	500,000	--	500,000
Series E, Note R-18	500,000	--	500,000	--	500,000
	<u>\$ 60,000,000</u>	<u>\$ 3,000,000</u>	<u>\$ 30,000,000</u>	<u>(\$ 30,000,000)</u>	<u>\$ 30,000,000</u>

State Revolving Fund Loans

The County has obtained loans to assist in financing mandated wastewater projects from the State Water Pollution Control Revolving Fund (SRF). The purpose of this revolving fund is to provide low-interest, long-term loans and other financial assistance to the four counties in the

COUNTY OF HAWAII

Notes to the Basic Financial Statements

June 30, 2020

state to finance construction of wastewater projects. The County has eleven projects approved for funding with these loans.

The County's State Revolving Fund Loans are direct borrowings of the County for which its full faith and credit are pledged. The State Revolving Fund Loans are secured by the gross revenues of the County.

The schedule below shows the County's SRF transactions for the fiscal year ended June 30, 2020:

<u>Loans Authorized</u>	<u>Approved Amount</u>	<u>Loan Balance July 1, 2019</u>	<u>Additions</u>	<u>Retirements / Forgiveness</u>	<u>Loan Balance June 30, 2020</u>	<u>Due Within One Year</u>
Cesspool						
Conversion	\$ 8,363,773	\$ 3,362,875	\$ --	\$ (441,144)	\$ 2,921,731	\$ 443,418
Honoka'a LCC	4,513,158	2,329,811	--	(181,085)	2,148,726	181,988
Queen						
Lili'uokalani	9,421,732	5,534,023	--	(490,712)	5,043,311	493,161
Kalaniana'ole	7,847,045	5,142,509	--	(355,560)	4,786,949	357,334
Kealahou						
WWTPAU	21,162,934	14,128,775	--	(866,599)	13,262,176	868,898
North Kona	2,690,404	1,616,102	--	(79,449)	1,536,653	80,046
Kealahou						
Effluent Reuse	8,677,918	1,833,484	--	(85,354)	1,748,130	86,458
SH Landfill						
Closure	21,209,015	448,092	174,021	--	622,113	29,046
Kealahou Scrap						
Metal	<u>8,000,973</u>	<u>5,297,923</u>	<u>--</u>	<u>--</u>	<u>5,297,923</u>	<u>247,352</u>
	<u>\$91,886,952</u>	<u>\$39,693,594</u>	<u>\$ 174,021</u>	<u>\$(2,499,903)</u>	<u>\$37,367,712</u>	<u>\$ 2,787,701</u>

The remaining loans bear interest at 0.25% to 0.50% exclusive of a 0.25% to 0.75% loan fee, and require payments through fiscal year 2040.

Debt service to maturity for disbursements to date on these projects are as follows:

Fiscal year ending June 30:	Governmental Activities	
	<u>Principal</u>	<u>Interest</u>
2021	\$ 2,787,701	\$ 293,892
2022	2,801,418	272,134
2023	2,815,303	250,178
2024	2,829,211	228,170
2025	2,843,375	205,877
2026 - 2030	12,816,084	710,930
2031 - 2035	8,377,655	276,703
2036 - 2040	<u>2,096,965</u>	<u>47,724</u>
Total	<u>\$37,367,712</u>	<u>\$2,285,608</u>

COUNTY OF HAWAII

Notes to the Basic Financial Statements

June 30, 2020

Other General Long-Term Obligations

The following is a summary of other general long-term obligations transactions for the fiscal year ended June 30, 2020:

	Balance July 1, 2019	Additions*	Payments	Balance June 30, 2020	Due Within One Year
Governmental activities:					
Compensated absences	\$42,412,713	\$15,834,465	\$(12,754,479)	\$45,492,699	\$10,950,611
Claims and judgments (see Note 12)	31,484,483	4,400,261	(8,075,318)	27,809,426	4,375,447
Capital leases (see Note 8)	11,579,332	2,821,423	(3,629,646)	10,771,109	3,665,315
Landfill costs payable (see Note 9)	31,015,000	2,259,489	(19,919,489)	13,355,000	1,505,257
Pollution remediation (see Note 9)	12,440,733	8,556,351	(1,655,735)	19,341,349	3,381,349
Underground Storage Tank (see Note 9)	--	1,775,000	--	1,775,000	--
Total	<u>\$128,932,261</u>	<u>\$35,646,989</u>	<u>\$(46,034,667)</u>	<u>\$118,544,583</u>	<u>\$23,877,979</u>

* Net of new claims liability and existing claims resolved at less than previous estimate.

Historically, the County's general fund has been used to liquidate the majority of other long-term liabilities, including the other post employment benefit obligation and the compensated absences since most employees are paid by the general fund.

Fund Balances - Debt Service Funds

The fund balance in the debt service funds at June 30, 2020 includes \$33,715,214, which is reserved for principal payments on general obligation bonds and \$5,131,343, which is reserved for the payment of interest on the bonds.

Enterprise Fund Notes, Bond and Loan Payable

On February 12, 2013, the County issued general obligation bonds on behalf of Kula'Imano Elderly Housing Project (Project) to pay off its two notes payable to the U.S. Department of Agriculture, Farmers Home Administration with principal and interest balances aggregating \$835,108. The Project is responsible for the debt service payment related to their portion of the bonds, which is also secured with the County's general obligation pledge. Because the Project is responsible for only a portion of the total bonds issued, it was decided that the Project would continue to make bond payments equivalent to its previous monthly installment payments of \$7,826 on the old notes at 5.547% interest. Under this payment schedule, the Project will make contributions through 2025 of the bonds 2032 maturity date.

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The following is a summary of the Project's bond payable transactions for the fiscal year ended June 30, 2020:

Balance at July 1, 2019	\$ 529,874
Deductions	<u>(66,186)</u>
Balance at June 30, 2020	463,688
Less current portion	<u>(69,952)</u>
Note payable, net of current portion	<u>\$ 393,736</u>

The following is a summary of the annual maturities for the enterprise fund bond payable:

Fiscal year ending June 30:	Business-type Activities	
	Principal	Interest
2021	\$ 69,952	\$ 21,097
2022	73,932	17,905
2023	78,439	13,580
2024	82,586	9,009
2025	87,285	4,178
2026	<u>71,794</u>	<u>288</u>
Total	<u>\$ 463,688</u>	<u>\$ 66,957</u>

On October 29, 2012, the County assumed the loan of its lessee Ouli Ekahi Partnership with the Hawai'i Housing Finance and Development Corporation in the amount of \$478,430. The loan is non-interest bearing and matures on February 27, 2041. In exchange, the County assumed ownership of the Ouli Ekahi project which consists of a 33 single family affordable rental housing project.

The following is a summary of enterprise fund loan payable transactions for the fiscal year ended June 30, 2020:

Balance at July 1, 2019	\$167,903
Deductions	<u>(48,630)</u>
Balance at June 30, 2020	119,273
Less current portion	<u>(16,500)</u>
Loan payable, net of current portion	<u>\$ 102,773</u>

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The following is a summary of the annual maturities for the enterprise fund loan payable:

Fiscal year ending June 30:	Business-type Activities
	<u>Principal</u>
2021	\$ 16,500
2022	16,500
2023	16,500
2024	16,500
2025	16,500
2026- 2028	<u>36,773</u>
Total	<u>\$119,273</u>

Special Assessment Bonds

The County has issued general obligation bonds on behalf of Improvement District No. 18 for water improvements (see Note 4). These bonds were then refunded by a portion of the 2013 Series A Bonds that were issued. The Improvement District is responsible for the payment of the debt service on these bonds, but the County remains liable because they are general obligations of the County. The improvement district's share of the refunded bonds matures annually through 2027 and bear interest at the previous rates of 4.375% to 4.75%. Total general obligation bonds payable included in the government-wide statement of net position were \$830,200 at June 30, 2020.

The County has also issued general obligation bonds on behalf of Improvement District No. 19 for water improvements (see Note 4). The Improvement District is responsible for the payment of the debt service on these bonds, but the County remains liable because they are general obligations of the County. The improvement district's share of the refunded bonds matures annually through 2048 and bear interest at the previous rates of 2.75%. Total general obligation bonds payable included in the government-wide statement of net position were \$1,056,915 at June 30, 2020.

The bonds are secured by a first lien on the land benefited by the improvements, and are to be repaid from the annual assessments levied against the owners of the land. The County acts as an agent for the property owners within the improvement districts to collect assessments receivable, forward payments to bond-paying agents at appropriate dates and, if required, administer foreclosure proceedings.

The following is a summary of bond transactions for Improvement District No. 18, Coastview/Wonderview Water Improvements, and No. 19, Kona Ocean View Properties Subdivision for the fiscal year ended June 30, 2020:

Balance at July 1, 2019	\$1,994,867
Deductions	<u>(107,752)</u>
Balance at June 30, 2020	<u>\$1,887,115</u>

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The following is a summary of the annual maturities for the improvement district general obligation bonds:

Fiscal year ending June 30:	Principal	Interest
2021	\$ 112,317	\$ 65,336
2022	117,083	60,466
2023	122,057	55,382
2024	127,251	50,074
2025	132,673	44,532
2026a- 2030	494,204	142,528
2031a- 2035	168,374	96,136
2036a- 2040	192,834	71,339
2041a- 2045	220,848	42,940
2046a- 2049	199,474	11,153
Total	\$1,887,115	\$ 639,886

11. COMMITMENTS AND CONTINGENCIES

Contractual commitments – Contractual commitments for capital projects, expenses, and supplies at June 30, 2020, except in the enterprise funds, are reflected in the balance sheets as a part of the respective fund balance categories and are as follows:

General fund	\$ 15,444,635
Capital projects fund	145,749,348
Nonmajor funds	<u>12,120,942</u>
	<u>\$ 173,314,925</u>

Contractual commitments for the enterprise funds were immaterial.

Intergovernmental revenues – The County has received federal and state grants for specific purposes that are subject to review and audit by grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grants. In the opinion of management of the County, disallowed costs, if any, would not be material.

Claims – Numerous claims and lawsuits have been filed against the County in the normal course of its operations. A liability for probable losses is included on the government-wide statement of net position (see Note 12). Although the outcome of the various claims and lawsuits is not presently determinable, in the opinion of the County's Corporation Counsel, the resolution of such matters will not have a material adverse effect on the financial condition of the County.

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ADA compliance – The County entered into a stipulated agreement, filed on June 4, 1998, which relates to the Department of Parks and Recreation (Parks). The agreement required Parks to establish practices, policies and procedures regarding its programs, and prepare a transition plan by the middle of the year 2000. The self-evaluation and transition plan for programs, practices and procedures was completed and approved by the County Council. The cost impact of implementation is not material because the necessary modifications were primarily procedural. The second part of this stipulated agreement required the reevaluation of all County facilities, which was completed and accepted by the County Council on June 30, 2000. Approximately 240 County facilities were surveyed as part of this effort. The tentative completion date of all necessary modifications and renovations was 12 years from the date the County Council accepted the self-evaluation. The initial (1997-2000) estimated cost of the modifications necessary to provide equal access to these facilities was \$15.1 million, which would have been spent over the 12-year period. Funding allocated by the County over the initial few years for facilities modifications was \$17.5 million, with another \$4 million of federal funding provided through community development block grants over the next 2 years. The Department of Public Works requested an additional \$2 million a year for non-Parks & Recreation County facilities' ADA renovation projects. Because of severe disparities that surfaced between the original ADA projects' scoping and construction estimates and actual scopes and costs, as well as time/delivery issues that came into play because of necessary permits and reviews, and design professionals' costs that weren't factored into the effort, the County sought relief from the Court in the form of both a time extension and reprioritization of sites. As a result, the County obtained approval of a modified 4-year plan wherein accessibility improvements at the then remaining 35 park sites were required to be completed by December 31, 2016. The County is engaged in ongoing quarterly briefings with the federal magistrate judge assigned to this case and has proposed a completion date, for all remaining projects, of the end of calendar year 2021. The balance of the unimproved sites would be deferred indefinitely pending separate improvement/enhancement projects that would inherently trigger accessibility improvements due to the nature of each project's scoping and applicable ADA requirements. Of the 35 park sites requiring accessibility improvements under the modified 4-year plan plus an additional park site (Francis Wong Stadium at Ho'olulu Complex) that was reintroduced into the transition plan via the court, 19 have been completed, 1 has been permanently omitted due to lava inundation, 11 are in design and permitting or are having the bid documents finalized, and 5 have either been awarded, in process of construction or construction is set to begin in fiscal year 2021. The County has encumbered or spent more than \$19M on these remaining 35 projects to date. The County had spent \$42.0 million for construction and design consultant costs to complete the 50 park facilities (some having multiple ADA work being completed) prior to the development of the modified four year plan. Additionally, the County's ADA coordinator (Equal Opportunity Officer) has access to an operational account of at least \$50,000 to handle requests for reasonable accommodations for County departments; and the procedures for these requests have been finalized and are available on the Department of Human Resources' web page under the heading "Procedure for Requesting Modifications to County of Hawai'i Facilities, Programs, or Services". Also, Parks has a Recreation Specialist who reviews and investigates

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requests for reasonable accommodations, and recommends specific actions on those requests, amongst other duties.

12. RISK MANAGEMENT

The County is exposed to various risks of losses related to torts; theft, damage, and destruction of assets; errors and omissions; work-related injuries to employees; and natural disasters. The County obtains property insurance (including coverage on a high deductible basis for natural disasters of hurricane, flood and earthquake). It purchases flood insurance on selected structures, medical malpractice for emergency medical services, aviation liability for helicopter operations, retired senior volunteers liability coverage, auto liability for mass transit buses and subsidized police vehicles, and auto physical damage coverage on police fleet vehicles and the Kohala Ranch fire truck. The County ensures property insurance is obtained on housing projects. There was no reduction in insurance coverage during the year from coverage in the prior year. The County is substantially self-insured for general liability and auto liability as well as for all other exposures including workers' compensation. As such, emphasis is placed on claims management and safety/risk control to protect the public and employees and to mitigate loss costs. The liability for claims and judgments is reported on the government-wide statement of net position and the majority will be liquidated from the County's general fund.

Liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported (IBNR). Claim liabilities, including IBNR, are based on the estimated ultimate cost of settling the claims, and include incremental costs for the hiring of special counsel and expert witnesses. Claims liabilities are estimated by a case-by-case review of all claims and the application of historical experience to outstanding claims. Estimates of IBNR are based on historical experience. The liability for claims and judgments is reported on the government-wide statement of net position. At June 30, 2020, the amount of this liability was \$27,809,426. This is the County's best estimate based on available information. Changes in the reported liability since July 1, 2018 are given below.

	<u>General Liability</u>	<u>Workers' Compensation</u>	<u>Total Liability</u>
Balance at July 1, 2018	\$ 1,897,723	\$ 16,237,686	\$ 18,135,409
Incurred claims (including IBNR)*	14,128,499	3,060,489	17,188,988
Claim payments	(109,932)	(3,639,982)	(3,839,914)
Balance at June 30, 2019	\$ 15,826,290	\$ 15,658,193	\$ 31,484,483
Incurred claims (including IBNR)*	736,444	3,664,147	4,400,591
Claim payments	(3,164,614)	(4,920,704)	(8,075,318)
Balance at June 30, 2020	\$ 13,407,820	\$ 14,401,606	\$ 27,809,426

*Net of new claims liability and existing claims resolved at less than previous estimate.

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Notes to the Basic Financial Statements

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13. EMPLOYEE BENEFIT PLANS

Pensionsa- Employees' Retirement System of the State of Hawai'i

Pension Plan Description - All eligible employees of the State and counties are provided with pensions through a cost-sharing multiple-employer defined benefit pension plan administered by the Employees' Retirement System of the State of Hawai'i (ERS). Benefit terms, eligibility, and contribution requirements are established by HRS Chapter 88 and can be amended through legislation. The ERS issues a publicly available financial report that can be obtained at ERS's website: <http://ers.hawaii.gov/>.

Benefits Provided - The ERS provides retirement, disability, and death benefits that are covered by the provisions of the noncontributory, contributory, and hybrid retirement plans. The three plans provide a monthly retirement allowance equal to the benefit multiplier (generally 1.25% or 2%) multiplied by the average final compensation multiplied by years of credited service. The benefit multiplier decreased by 0.25% for new hybrid and contributory plan members hired after June 30, 2012. Average final compensation is based on the five highest paid years of service excluding the payment of salary in lieu of vacation for members hired after June 30, 2012. For those hired between January 1, 1971 and June 30, 2012, AFC is based on the three highest paid years of service excluding the payment of salary in lieu of vacation. If the employee was hired prior to January 1, 1971, the AFC is the average salary earned during the five highest paid years of service, including the payment of salary in lieu of vacation, or three highest paid years of service, excluding the payment of salary in lieu of vacation.

For members hired before July 1, 2012, the original retirement allowance is increased by 2.5% each July 1 following the calendar year of retirement. This cumulative benefit is not compounded and increases each year by 2.5% of the original retirement allowance without a ceiling (2.5% of the original retirement allowance the first year, 5.0% the second year, 7.5% the third year, etc.). For members hired after June 30, 2012 the post-retirement annuity increase was decreased to 1.5% per year.

Retirement benefits for certain groups, such as police officers, firefighters, some investigators, sewer workers, judges, and elected officials, vary from general employees.

Noncontributory Plan

Retirement Benefits - General employees' retirement benefits are determined as 1.25% of average final compensation multiplied by the years of credited service. Employees with 10 years of credited service are eligible to retire at age 62. Employees with 30 years of credited service are eligible to retire at age 55.

Disability Benefits - Members are eligible for service-related disability benefits regardless of length of service and receive a lifetime pension of 35% of their average

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final compensation. Ten years of credited service is required for ordinary disability. Ordinary disability benefits are determined in the same manner as retirement benefits but are payable immediately, without an actuarial reduction, and at a minimum of 12.5% of average final compensation.

Death Benefits - For service-connected deaths, the surviving spouse/reciprocal beneficiary receives a monthly benefit of 30% of the average final compensation until remarriage or re-entry into a new reciprocal beneficiary relationship. Additional benefits are payable to surviving dependent children up to age 18. If there is no spouse/reciprocal beneficiary or dependent children, no benefit is payable.

Ten years of credited service is required for ordinary death benefits. For ordinary death benefits, the surviving spouse/reciprocal beneficiary (until remarriage/reentry into a new reciprocal beneficiary relationship) and dependent children (up to age 18) receive a benefit equal to a percentage of member's accrued maximum allowance unreduced for age or, if the member was eligible for retirement at the time of death, the surviving spouse/reciprocal beneficiary receives 100% joint and survivor lifetime pension.

Contributory Plan for Employees Hired Prior to July 1, 2012

Retirement Benefits - General employees' retirement benefits are determined as 2% of average final compensation multiplied by the years of credited service. General employees with 5 years of credited service are eligible to retire at age 55.

Police and firefighters' retirement benefits are determined as 2.5% of average final compensation for each year of service up to a maximum of 80%. Police and firefighters with 10 years of credited service are eligible to retire at age 55.

Disability Benefits - Members are eligible for service-related disability benefits regardless of length of service and receive a lifetime pension of 50% of their average final compensation. Ten years of credited service is required for ordinary disability. Ordinary disability benefits are determined as 1.75% of average final compensation multiplied by the years of credit services and are payable immediately, without an actuarial reduction, and at a minimum of 30% of average final compensation.

Death Benefits - For service-connected deaths, the surviving spouse/reciprocal beneficiary receives a lump sum payment of the member's contributions and accrued interest plus a monthly benefit of 50% of the average final compensation until remarriage or re-entry into a new reciprocal beneficiary relationship. If there is no surviving spouse/reciprocal beneficiary, surviving children (up to age 18) or dependent parents are eligible for the monthly benefit. If there is no spouse/reciprocal beneficiary or dependent children/parents, the ordinary death benefit is payable to the designated beneficiary. Ordinary death benefits are available to employees who were active at time of death with at least 1 year of service. Ordinary death benefits consist of a lump sum payment of the

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member's contributions and accrued interest plus a percentage of the salary earned in the 12 months preceding death, or 50% Joint and Survivor lifetime pension if the member was not eligible for retirement at the time of death but was credited with at least 10 years of service and designated one beneficiary, or 100% Joint and Survivor lifetime pension if the member was eligible for retirement at the time of death and designated one beneficiary.

Contributory Plan for Employees Hired After June 30, 2012

Retirement Benefits - General employees' retirement benefits are determined as 1.75% of average final compensation multiplied by the years of credited service. General employees with 10 years of credited service are eligible to retire at age 60.

Police and firefighters' retirement benefits are determined as 2.25% of average final compensation for each year of service up to a maximum of 80%. Police and firefighters with 10 years of credited service are eligible to retire at age 60.

Disability and Death Benefits - Members are eligible for service-related disability benefits regardless of length of service and receive a lifetime pension of 50% of their average final compensation plus refund of contributions and accrued interest. Ten years of credited service is required for ordinary disability. Ordinary disability benefits are 1.75% of average final compensation for each year of service for police and firefighters and are payable immediately, without an actuarial reduction, at a minimum of 30% of average final compensation.

Death benefits for contributory plan members hired after June 30, 2012 are generally the same as those for contributory plan members hired June 30, 2012 and prior.

Hybrid Plan for Employees Hired Prior to July 1, 2012

Retirement Benefits - General employees' retirement benefits are determined as 2% of average final compensation multiplied by the years of credited service. General employees with 5 years of credited service are eligible to retire at age 62. General employees with 30 years of credited service are eligible to retire at age 55.

Disability Benefits - Members are eligible for service-related disability benefits regardless of length of service and receive a lifetime pension of 35% of their average final compensation plus refund of their contributions and accrued interest. Ten years of credited service is required for ordinary disability. Ordinary disability benefits are determined in the same manner as retirement benefits but are payable immediately, without an actuarial reduction, and at a minimum of 25% of average final compensation.

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Death Benefits - For service-connected deaths, the surviving spouse/reciprocal beneficiary receives a lump sum payment of the member's contributions and accrued interest plus a monthly benefit of 50% of the average final compensation until remarriage or re-entry into a new reciprocal beneficiary relationship. If there is no surviving spouse/reciprocal beneficiary, surviving children (up to age 18) or dependent parents are eligible for the monthly benefit. If there is no spouse/reciprocal beneficiary or dependent children/parents, the ordinary death benefit is payable to the designated beneficiary.

Ordinary death benefits are available to employees who were active at time of death with at least 5 years of service. Ordinary death benefits consist of a lump sum payment of the member's contributions and accrued interest multiplied by 150%, or 50% Joint and Survivor lifetime pension if the member was not eligible for retirement at the time of death but was credited with at least 10 years of service and designated one beneficiary, or 100% Joint and Survivor lifetime pension if the member was eligible for retirement at the time of death and designated one beneficiary.

Hybrid Plan for Employees Hired After June 30, 2012

Retirement Benefits - General employees' retirement benefits are determined as 1.75% of average final compensation multiplied by the years of credited service. General employees with 10 years of credited service are eligible to retire at age 65. Employees with 30 years of credited service are eligible to retire at age 60. Sewer workers, water safety officers, and EMTs may retire with 25 years of credited service at age 55.

Disability and Death Benefits - Provisions for disability and death benefits generally remain the same except for ordinary death benefits. Ordinary death benefits are available to employees who were active at time of death with at least 10 years of service. Ordinary death benefits consist of a lump sum payment of the member's contributions and accrued interest multiplied by 120%, or 50% Joint and Survivor lifetime pension if the member was not eligible for retirement at the time of death and designated one beneficiary, or 100% Joint and Survivor lifetime pension if the member was eligible for retirement at the time of death and designated one beneficiary.

Contributions - Contributions are established by HRS Chapter 88 and may be amended through legislation. The employer rate is set by statute based on the recommendations of the ERS actuary resulting from an experience study conducted every five years. Since July 1, 2005, the employer contribution rate is a fixed percentage of compensation, including the normal cost plus amounts required to pay for the unfunded actuarial accrued liabilities. The contribution rates for fiscal year 2020 were 36.00% for police and firefighters and 22.0% for all other employees. Contributions to the pension plan from the County for the year ended June 30, 2020, 2019, and 2018 were \$52,778,035, \$44,853,953, and \$41,562,933, respectively.

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The employer is required to make all contributions for members in the noncontributory plan. For contributory plan employees hired prior to July 1, 2012, general employees are required to contribute 7.8% of their salary and police and firefighters are required to contribute 12.2% of their salary. For contributory plan employees hired after June 30, 2012, general employees are required to contribute 9.8% of their salary and police and firefighters are required to contribute 14.2% of their salary. Hybrid plan members hired prior July 1, 2012 are required to contribute 6.0% of their salary. Hybrid plan members hired after June 30, 2012 are required to contribute 8.0% of their salary.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions— At June 30, 2020, the County reported a liability of \$668,213,164 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the actual employer contributions to the pension plan relative to the contributions of all participating employers. At June 30, 2019, the County's proportion was 4.72%, which was a decrease of .05% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the County recognized pension expense of \$109,621,758. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 32,494,705	\$ 563,501
Net difference between projected and actual investment earnings on pension plan investments	--	1,753,675
Changes in assumptions	46,055,421	513,885
Changes in proportion and differences between employer contributions and proportionate share of contributions	11,940,916	13,860,078
County contributions subsequent to the measurement date	<u>52,778,035</u>	<u>--</u>
Total	<u>\$143,269,077</u>	<u>\$ 16,691,139</u>

\$52,778,035 reported as deferred outflows of resources related to the County's contributions to the pension plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2021.

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Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Net Deferred Outflows of Resources</u>
2021	\$ 42,180,334
2022	19,859,728
2023	6,457,817
2024	4,791,456
2025	510,568
	<u>\$ 73,799,903</u>

Actuarial assumptions – The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Payroll growth rate	3.50% per annum
Salary increases	3.50% - 7.00%, including inflation
Investment rate of return	7.00% per annum, including inflation
Cost of living adjustments	2.50% / 1.50%

Mortality rates used in the actuarial valuation as of June 30, 2019 were based on the following:

Active members – Multiples of the RP 2014 mortality table for active employees based on the occupation of the member.

Healthy retirees – The 2019 Public Retirees of Hawai'i mortality table, generational projection using the BB projection table from the year 2019 and with multipliers based on plan and group experience.

Disabled retirees – Base Table for healthy retiree's occupation, set forward 5 years, generational projection using the BB projection table from the year 2019. Minimum mortality rate of 3.5% for males and 2.5% for females.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study as of June 30, 2018, with most assumptions based on the period from July 1, 2013, through June 30, 2018. The major changes to assumptions resulting from the 2018 actuarial experience study were (1) to update the base mortality tables with client-specific mortality tables developed using the actual mortality experience of non-disabled retirees in ERS and (2) to update pre-retirement mortality tables for active employees to the recently published Pub-2010 mortality tables for active employees, by job classification.

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The long-term expected rate of return on pension plan investments was determined using a “top down approach” in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected nominal real rates of return by the target asset allocation percentage.

The target allocation and best estimates of geometric rates of return for each major asset class are summarized in the following table:

Strategic Allocation (Risk-Based Classes)	Target Allocation	Long-Term Expected Rate of Return*	Long-Term Expected Real Rate of Return
Broad growth	63.00%	7.65%	5.40%
Crisis risk offset	20.00%	5.15%	2.90%
Real return	10.00%	4.55%	2.30%
Principal protection	7.00%	3.00%	0.75%
	<u>100.00%</u>		

* Uses an expected inflation rate of 2.25%.

Discount rate — The discount rate used to measure the total pension liability was 7.00%, which was the same rate used at the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from the County will be made at statutorily required rates, actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County’s proportionate share of the net pension liability to changes in the discount rate— The following presents the County’s proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the County’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
County’s proportionate share of the net pension liability	<u>\$ 878,868,976</u>	<u>\$ 668,213,164</u>	<u>\$ 516,544,882</u>

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Pension plan fiduciary net position – Detailed information about the pension plan’s fiduciary net position is available in the separately issued ERS Comprehensive Annual Financial Report that includes financial statements and required supplementary information.

Payables to the pension plan – At June 30, 2020, the annual amount payable to the ERS totaled \$4,620,657, which represents the employer contribution for the second half of the month of June 2020, as required by HRS, and the excess pension cost under Act 153/SLH 2-12 REFER HRS Section 88-100 for fiscal year ended June 30, 2020.

Other Pension Plans - County of Hawai‘i Bandsmen Pension System

The County also sponsors a nonqualified, governmental single employer defined benefit pension plan for members of the County Band (County of Hawai‘i Bandsmen Pension System) who are or were ineligible for benefits under ERS and whose employment began before June 1, 1990. Under HRS Chapter 88, the County Pension provides retirement benefits that are computed based on the average annual salary during the last 10 years of employment with a minimum pension amount of \$50 per month. There are no assets accumulated in a trust for the payment of benefits.

As of the valuation date of July 1, 2019, there were 21 inactive employees or beneficiaries receiving benefits; 12 inactive employees not yet receiving benefit payments; and 4 active members.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions – At June 30, 2020, the County reported a liability of \$1,026,021. The total pension liability was measured as of June 30, 2020 based on an actuarial valuation as of July 1, 2019.

For the year ended June 30, 2020, the County recognized pension payments of \$49,612 and pension expense of \$123,892.

Actuarial assumptions – The total pension liability in the June 30, 2020 actuarial report was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.50%, including inflation

The discount rate used to measure the County’s total pension liability was 2.45% based on the daily municipal bond rate closest to but not later than the measurement date of the Fidelity “20-Year Municipal GO AA Index”.

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Notes to the Basic Financial Statements

June 30, 2020

The following presents the County's total pension liability calculated using the discount rate of 2.45%, as well as what the County's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.45%) or 1-percentage-point higher (3.45%) than the current rate:

	1% Decrease (1.45%)	Current Discount Rate (2.45%)	1% Increase (3.45%)
County's total pension liability	<u>\$ 1,177,850</u>	<u>\$ 1,026,021</u>	<u>\$ 901,550</u>

Schedule of Changes in Total Pension Liability

Measurement year ending June 30,	<u>2020</u>
Total Pension Liability	
Service cost	\$ 7,577
Interest	29,250
Changes of assumptions	87,065
Benefit payments	<u>(49,612)</u>
Net Change in Total Pension Liability	74,280
Total Pension Liability – Beginning	<u>951,741</u>
Total Pension Liability – Ending	<u>\$ 1,026,021</u>

Post-Retirement Benefits

In addition to providing pension benefits, the County is required by state statute (HRS Chapter 87A) to contribute to the Hawai'i Employer-Union Health Benefits Trust Fund (the EUTF). The EUTF is an agent, multiple-employer defined benefit plan providing certain healthcare and life insurance benefits to all qualified retirees, active employees, their dependents and their beneficiaries.

Benefits Provided – Chapter 87A of the HRS grants the authority to establish and amend the benefit terms to the board of trustees of the EUTF. The EUTF currently provides medical, prescription drug, dental, vision, chiropractic, supplemental medical and prescription drug, and group life insurance benefits for retirees and their dependents.

The following table provides a summary of the number of employees covered by the benefit terms as of July 1, 2019.

Inactive employees or beneficiaries currently receiving benefits	1,693
Inactive employees entitled but not yet receiving benefit payments	229
Active employees	<u>2,406</u>
	<u>4,328</u>

COUNTY OF HAWAII

Notes to the Basic Financial Statements

June 30, 2020

Contributions – The County’s contribution levels are established by Chapter 87A of the HRS. The county was required to contribute 100% of the ARC starting in fiscal year 2019. The ARC represents a level of funding that is sufficient to cover, 1) the normal cost, which is the cost of the other postemployment benefits attributable to the current year of service; and 2) an amortization payment, which is a catch-up payment for past service costs to fund the unfunded actuarial accrued liability over the next thirty years. For the fiscal year ended June 30, 2020, contributions to the OPEB Plan from the County totaled \$41,604,474 which resulted in an average contribution rate of approximately 22.0% of covered-employee payroll.

Subsequent Events On July 13, 2020, to address the budget shortfalls resulting from the COVID-19 pandemic, the Governor of the State of Hawai‘i approved an emergency proclamation that suspended the law requiring employers to pay the OPEB pre-funding in fiscal year 2021.

For employees hired prior to July 1, 1996, the County pays the entire monthly healthcare premium for employees retiring with 10 or more years of credited service, and 50% of the monthly premium for employees retiring with fewer than 10 years of credited service. The current (pay-as-you-go) premium costs are paid by the respective funds but the net other postemployment benefit obligation is paid by the General Fund.

For employees hired after June 30, 1996, and who retire with fewer than 10 years of service, the County makes no contributions. For those retiring with at least 10 years but fewer than 15 years of service, the County pays 50% of the retired employees’ monthly Medicare or non-Medicare premium. For employees hired after June 30, 1996, and who retire with at least 15 years but fewer than 25 years of service, the County pays 75% of the retired employees’ monthly Medicare or non-Medicare premium. For those retiring with over 25 years of service, the County pays the entire healthcare premium.

For employees hired after June 30, 2001, and who retire with fewer than 10 years of service, the County makes no contributions. For those retiring with at least 10 years but fewer than 15 years of service, the County pays 50% of the retired employees’ monthly Medicare or non-Medicare premium based on the self-plan. For employees hired after June 30, 2001, and who retire with at least 15 years but fewer than 25 years of service, the County pays 75% of the retired employees’ monthly Medicare or non-Medicare premium; for those retiring with over 25 years of service, the County pays the entire healthcare premium.

For active employees, the employee’s contributions are based upon negotiated collective bargaining agreements. Employer contributions for employees not covered by collective bargaining agreements and for retirees are prescribed by the HRS.

COUNTY OF HAWAI'I

Notes to the Basic Financial Statements

June 30, 2020

Net OPEB liability— The County's net OPEB liability was measured as of July 1, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. There were no changes between the measurement date, July 1, 2019, and the reporting date, June 30, 2020, that are expected to have a significant effect on the net OPEB liability.

Actuarial assumptions — The total OPEB liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.50% - 7.00%, including inflation
Payroll growth rate	3.50%
Investment rate of return	7.00%
Healthcare cost trend rates	
PPO	Initial rates of 8.00%; declining to a rate of 4.86% after 12 years
HMO	Initial rate of 8.00%; declining to a rate of 4.86% after 12 years
Part B & base monthly contribution	Initial rates of 5.00%; declining to a rate of 4.70% after 11 years
Dental	Initial rates of 5.00% for the first two years; followed by 4.00%
Vision	Initial rates of 0.00% for the first two years; followed by 2.50%
Life insurance	0.00%

Mortality rates used in the actuarial valuation as of July 1, 2019 were based on the following:

Active members — Multiples of the Pub-2010, Employee Tables for active employees based on the occupation of the member.

Healthy retirees — The 2019 Public Retirees of Hawai'i mortality table, generational projection using the BB projection table from the year 2019 and with multipliers based on plan and group experience.

Disabled retirees — Base Table for healthy retirees' occupation, set forward 5 years, generational projection using the BB projection table from the year 2019. Minimum mortality rate of 3.5% for males and 2.5% for females.

COUNTY OF HAWAII

Notes to the Basic Financial Statements

June 30, 2020

The actuarial assumptions used in the July 1, 2019 valuation were based on the experience study covering the five year period ending June 30, 2018 as conducted for the Hawaii Employees' Retirement System (ERS).

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic rates of return for each major asset class are summarized in the following table:

Strategic Allocation (Risk-Based Classes)	Target Allocation	Long-Term Expected Real Rate of Return
International Equity	17.00%	6.90%
U.S. Equity	15.00%	5.35%
Private Equity	10.00%	8.80%
Core Real Estate	10.00%	3.90%
Trend Following	9.00%	3.25%
U.S. Microcap	7.00%	7.30%
Global Options	7.00%	4.75%
Private Credit	6.00%	5.60%
Long Treasuries	6.00%	2.00%
Alternative Risk Premium	5.00%	2.75%
TIPS	5.00%	1.20%
Core Bonds	3.00%	1.50%
	<u>100.00%</u>	

Discount rate— The discount rate used to measure the total OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that the County will fund the recommended actuarially determined contribution, which is based on layered, closed amortization periods. Based on those assumptions, the OPEB plan's fiduciary net position is projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

COUNTY OF HAWAII

Notes to the Basic Financial Statements

June 30, 2020

Changes in the Net OPEB Liability:

The following schedule presents the changes in the net OPEB liability for the fiscal year ending June 30, 2020:

	Total OPEB Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balance at June 30, 2019	<u>\$ 551,431,353</u>	<u>\$ 150,596,543</u>	<u>\$ 400,834,810</u>
Changes for the fiscal year:			
Service cost	12,402,599	--	12,402,599
Interest on the total OPEB liability	38,381,475	--	38,381,475
Employer contributions	--	39,770,000	(39,770,000)
Net investment income	--	7,187,610	(7,187,610)
Benefit payments	(18,651,726)	(18,651,726)	--
Administrative expense	--	(49,623)	49,623
Difference between expected and actual experience	9,224,217	--	9,224,217
Changes of assumptions	1,862,836	--	1,862,836
Other	--	8,531,701	(8,531,701)
Net changes	<u>\$ 43,219,401</u>	<u>\$ 36,787,962</u>	<u>\$ 6,431,439</u>
Balance at June 30, 2020	<u>\$ 594,650,754</u>	<u>\$ 187,384,505</u>	<u>\$ 407,266,249</u>

Sensitivity of the net OPEB liability to changes in the discount rate— The following presents the net OPEB liability of the County, as well as what the County's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current discount rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
County's net OPEB liability	<u>\$ 504,468,787</u>	<u>\$ 407,266,249</u>	<u>\$ 331,002,254</u>

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates— The following presents the net OPEB liability of the County, as well as what the County's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
County's net OPEB liability	<u>\$ 327,882,420</u>	<u>\$ 407,266,249</u>	<u>\$ 510,047,985</u>

COUNTY OF HAWAII

Notes to the Basic Financial Statements

June 30, 2020

For the year ended June 30, 2020, the County recognized OPEB expense of \$33,407,562. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 7,885,842	\$ 2,613,883
Changes of assumptions	6,737,018	--
Net difference between projected and actual earnings on OPEB plan investments	2,134,751	--
County contributions subsequent to the measurement date	41,604,474	--
Total	<u>\$ 58,362,085</u>	<u>\$ 2,613,883</u>

\$41,604,474 reported as deferred outflows of resources related to the County's contributions to the OPEB plan subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ended June 30, 2021.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30,</u>	Net deferred outflows of <u>resources</u>
2021	\$ 2,384,727
2022	2,384,728
2023	2,919,876
2024	2,942,608
2025	2,076,702
Thereafter	<u>1,435,087</u>
	<u>\$ 14,143,728</u>

The EUTF issues a publicly available financial report that includes financial statements and required supplementary information, which is available on-line at their web-site www.eutf.hawaii.gov or by contacting them at P.O. Box 2121, Honolulu, HI 96805-2121.

Deferred Compensation Plan

County employees are permitted to participate in a deferred compensation plan of the State of Hawai'i, adopted pursuant to Internal Revenue Code (IRC) section 457. The plan permits eligible employees to defer a portion of their salary until future years by contributing to a fund

COUNTY OF HAWAII

Notes to the Basic Financial Statements

June 30, 2020

managed by a plan administrator. The deferred compensation amounts are not available to employees until termination, retirement, death, or unforeseeable emergency.

All plan assets are held in a trust fund to protect them from claims of general creditors and from diversion to any uses other than paying benefits to participants and beneficiaries. The County has no responsibility for loss due to the investment or failure of investment of funds and assets in the plans, but does have the duty of due care that would be required of an ordinary prudent investor. Therefore, the deferred compensation plan assets are not reported in the accompanying basic financial statements.

14. COMPONENT UNIT DISCLOSURES

Deposits and Investments

At June 30, 2020, the carrying amount of cash, time certificates of deposit and money market funds of \$42,551,340, with bank balances of \$43,261,291 were held by the County on behalf of the Department. These balances were fully insured or collateralized with securities held by the County's agent in the County's name.

The deposits and investments include cash received by the Department that is restricted as to use and is recorded as a restricted asset. Such funds amounted to \$888,225 at June 30, 2020. At June 30, 2019, the Department had \$22,000,000 in investments.

Capital Assets

The Department began operations as of January 1, 1950. At that date, the utility plant in service was transferred to the Department from the County at the cost of the utility plant assets acquired by the County for its water system from January 1, 1924 to December 31, 1949, less accumulated depreciation. Acquisitions prior to 1924 and acquisitions by gift or grant prior to 1950 are not included in utility plant. Additions to utility plant since January 1, 1950 are stated at original cost and include contributions by governmental agencies, private subdividers and customers at their cost or estimated cost. Construction costs include amounts for contract work, engineering supervision and other direct and indirect costs.

Depreciation on the Department's utility plant assets in service is computed using the straight-line method over the estimated useful lives of the assets as follows:

Structures and improvements	40 to 50 years
Machinery and equipment	5 to 25 years
Water systems	10 to 40 years

COUNTY OF HAWAII

Notes to the Basic Financial Statements

June 30, 2020

The capital assets of the Department at June 30, 2020 were as follows:

Utility plant in service	\$516,049,178
Less: accumulated depreciation	<u>(276,541,289)</u>
	239,507,889
Preliminary survey and investigation charges	6,417,849
Construction work in progress	50,320,430
Land and rights	<u>5,261,319</u>
Net capital assets	<u>\$301,507,187</u>

Long-Term Debt

The County has issued general obligation bonds on behalf of the Department. The Department is responsible for the payment of the debt service on these bonds, but the County remains liable because they are general obligations of the County. The Department has recorded a liability for these general obligation bonds, which amounted to \$22,198,633 at June 30, 2020.

General obligation bonds payable issued on behalf of the Department and other long-term debt at June 30, 2020 are comprised of the following:

Public improvement bonds:	
2008 Series A at 4.125%, due through 2043	\$ 120,792
2010 Series B at 3.33% to 6.1%, due through 2030	<u>4,403,750</u>
Total public improvement bonds	4,524,542
Public improvement refunding bonds:	
2007 Series C at 4.0% to 5.0%, due through 2021	1,250,341
2016 Series B at 3.0% to 5.0%, due through 2026	10,070,000
2016 Series E at 2.0% to 5.0%, due through 2029	6,353,750
Revolving fund loans:	
State revolving fund loans, interest up to 1.37%, due through 2038	<u>42,909,525</u>
Total long-term debt	65,108,158
Add: Unamortized premium	<u>1,325,535</u>
Total	<u>\$66,433,693</u>

COUNTY OF HAWAII

Notes to the Basic Financial Statements

June 30, 2020

At June 30, 2020, future principal and interest payments for long-term debt are scheduled as follows:

Fiscal year ending June 30:	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 5,828,067	\$ 1,635,044	\$ 7,463,111
2022	5,950,883	1,427,219	7,378,102
2023	4,937,015	1,235,745	6,172,760
2024	5,085,892	1,069,450	6,155,342
2025	5,232,673	903,665	6,136,338
2026a- 2030	22,303,427	2,421,375	24,724,802
2031a - 2035	11,160,520	655,105	11,815,625
2036a- 2040	4,586,971	93,748	4,680,719
2041 - 2044	<u>22,710</u>	<u>1,895</u>	<u>24,605</u>
Total	<u>\$65,108,158</u>	<u>\$ 9,443,246</u>	<u>\$74,551,404</u>

Contributions in Aid of Construction

The Department recognized \$3,202,379 of contributions in aid of construction for the fiscal year ended June 30, 2020.

Commitments and Contingent Liabilities

Claims and judgments— The Department maintains property, auto liability, and general liability insurance policies. The Department remains self-insured for workers' compensation and other perils. The liability at June 30, 2020 for workers' compensation claims of \$660,000 was estimated based on a combination of case-by-case review and the application of historical experience to outstanding claims.

Construction contracts— The Department is obligated under construction contracts for the utility plant and other projects. Such commitments approximated \$42,807,730 at June 30, 2020.

Pension Plan

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions – At June 30, 2020, the Department reported a liability of \$32,029,248 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Department's proportion of the net pension liability was based on a projection of the employer contributions to the pension plan relative to projected contributions of all participating employers.

COUNTY OF HAWAII

Notes to the Basic Financial Statements

June 30, 2020

At June 30, 2019, the Department's proportion was .23%, which decreased by 0.02% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Department recognized pension expense of \$4,855,184. At June 30, 2020, the Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 560,393	\$ 64,1104
Net difference between projected and actual investment earnings on pension plan investments	--	87,921
Changes in assumptions	2,180,671	--
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,442,051	2,602,620
Department contributions subsequent to the measurement date	2,258,593	--
Total	<u>\$7,441,708</u>	<u>\$ 2,754,645</u>

The \$2,258,593 reported as deferred outflows of resources related to the Department's contributions to the pension plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2021.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30,</u>	Net Deferred Outflows (Inflows) of Resources
2021	\$ 1,458,414
2022	888,038
2023	306,430
2024	(81,909)
2025	<u>(142,503)</u>
	<u>\$2,428,470</u>

Sensitivity of the Department's proportionate share of the net pension liability to changes in the discount rate— The following presents the Department's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what its proportionate

COUNTY OF HAWAII

Notes to the Basic Financial Statements

June 30, 2020

share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Department's proportionate share of the net pension liability	<u>\$ 41,554,140</u>	<u>\$ 32,029,248</u>	<u>\$ 25,171,502</u>

Pension plan fiduciary net position— Detailed information about the pension plan's fiduciary net position is available in the separately issued ERS Comprehensive Annual Financial Report that includes financial statements and required supplementary information.

Payables to the pension plan— At June 30, 2020, the annual amount payable to the ERS totaled \$239,615, which represents the employer contribution for the month of June 2020, as required by HRS.

Post-Retirement Benefits Other than Pensions (OPEB)

Net OPEB liability, OPEB expense, and deferred outflows of resources and deferred inflows of resources related to OPEB— At June 30, 2020, the Department reported a net OPEB liability of \$16,079,747. The net OPEB liability was measured as of July 1, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. For the year ended June 30, 2020, the Department recognized OPEB expense of \$1,229,776.

At June 30, 2020, the Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ --	\$ 1,093,632
Changes of assumptions	418,394	--
Net difference between projected and actual earnings on OPEB plan investments	255,967	--
Employer contributions subsequent to the measurement date	<u>1,977,000</u>	<u>--</u>
Total	<u>\$ 2,651,361</u>	<u>\$ 1,093,632</u>

\$1,977,000 reported as deferred outflows of resources related to the Department's contributions to the OPEB plan subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ended June 30, 2021.

COUNTY OF HAWAII

Notes to the Basic Financial Statements

June 30, 2020

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Net Deferred Inflows of Resources</u>
2021	\$ 106,916
2022	106,918
2023	47,201
2024	44,770
2025	98,134
Thereafter	<u>15,332</u>
	<u>\$ 419,271</u>

Sensitivity of the net OPEB liability to changes in the discount rate – The following presents the net OPEB liability of the Department, as well as what the Department's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current discount rate:

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Department's net OPEB liability	<u>\$ 21,678,839</u>	<u>\$ 16,079,747</u>	<u>\$ 11,620,115</u>

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates – The following presents the net OPEB liability of the Department, as well as what the Department's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
Department's net OPEB liability	<u>\$ 11,367,109</u>	<u>\$ 16,079,747</u>	<u>\$ 22,124,313</u>

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COUNTY OF HAWAII

Required Supplementary Information

June 30, 2020

**Schedule of Changes in the Net OPEB Liability and Related Ratios
Last 10 Fiscal Years***

	<u>2020</u>	
	<u>County</u>	<u>Department</u>
Total OPEB Liability		
Service Cost	\$ 12,402,599	\$ 746,672
Interest on the total OPEB liability	38,381,475	2,349,959
Benefit payments	(18,651,726)	(1,012,084)
Difference between expected and actual experience	9,224,217	(314,598)
Change in assumptions	<u>1,862,836</u>	<u>137,542</u>
Net change in total OPEB liability	43,219,401	1,907,491
Total OPEB liability - Beginning	<u>551,431,353</u>	<u>33,703,543</u>
Total OPEB liability - Ending	\$ 594,650,754	\$ 35,611,034
Plan fiduciary net position		
Contributions - employer	\$ 39,770,000	\$ 1,090,000
Net investment income	7,187,610	764,696
Benefit payments	(18,651,726)	(1,012,084)
Administrative expense	(49,623)	(5,493)
Other	<u>8,531,701</u>	<u>522,371</u>
Net change in plan fiduciary net position	36,787,962	2,259,490
Plan fiduciary net position - Beginning	<u>150,596,543</u>	<u>17,271,797</u>
Plan fiduciary net position - Ending	\$ 187,384,505	\$ 19,531,287
Net OPEB liability	\$ 407,266,249	\$ 16,079,747
Plan fiduciary net position as a percentage of the total OPEB liability	31.5%	54.9%
Covered-employee payroll	\$ 185,575,775	\$ 10,264,425
Net OPEB liability as a percentage of Covered-employee payroll	219.5%	156.7%

COUNTY OF HAWAII

Required Supplementary Information

June 30, 2020

	2019	
	<u>County</u>	<u>Department</u>
Total OPEB Liability		
Service Cost	\$ 12,056,311	\$ 698,126
Interest on the total OPEB liability	36,036,284	2,264,524
Benefit payments	(17,998,013)	(1,016,548)
Difference between expected and actual experience	(3,679,099)	(1,184,347)
Change in assumptions	<u>7,240,956</u>	<u>432,233</u>
Net change in total OPEB liability	33,656,439	1,193,988
Total OPEB liability - Beginning	<u>517,774,914</u>	<u>32,509,555</u>
Total OPEB liability - Ending	\$ 551,431,353	\$ 33,703,543
Plan fiduciary net position		
Contributions - employer	\$ 32,829,013	\$1,936,548
Net investment income	9,474,156	1,111,306
Benefit payments	(17,998,013)	(1,016,548)
Administrative expense	<u>(29,227)</u>	<u>(3,336)</u>
Net change in plan fiduciary net position	24,275,929	2,027,970
Plan fiduciary net position - Beginning	126,320,614	15,243,827
Plan fiduciary net position - Ending	\$ 150,596,543	\$ 17,271,797
Net OPEB liability	\$ 400,834,810	\$ 16,431,746
Plan fiduciary net position as a percentage of the total OPEB liability	27.3%	51.3%
Covered-employee payroll	\$ 178,889,344	\$ 10,212,595
Net OPEB liability as a percentage of Covered-employee payroll	224.1%	160.9%

COUNTY OF HAWAII

Required Supplementary Information

June 30, 2020

	2018	
	<u>County</u>	<u>Department</u>
Total OPEB Liability		
Service Cost	\$ 11,757,502	\$ 687,414
Interest on the total OPEB liability	34,046,407	2,135,490
Benefit payments	<u>(17,054,987)</u>	<u>(953,288)</u>
Net change in total OPEB liability	28,748,922	1,869,616
Total OPEB liability - Beginning	<u>489,025,992</u>	<u>30,639,939</u>
Total OPEB liability - Ending	\$ 517,774,914	\$ 32,509,555
Plan fiduciary net position		
Contributions - employer	\$ 28,549,987	\$ 1,867,788
Net investment income	10,380,705	1,245,946
Benefit payments	<u>(17,054,987)</u>	<u>(953,288)</u>
Administrative expense	(23,228)	(2,782)
Other	<u>266,457</u>	<u>16,370</u>
Net change in plan fiduciary net position	22,118,934	2,174,034
Plan fiduciary net position - Beginning	104,201,680	13,069,793
Plan fiduciary net position - Ending	\$ 126,320,614	\$ 15,243,827
Net OPEB liability	\$ 391,454,300	\$ 17,265,728
Plan fiduciary net position as a percentage of the total OPEB liability	24.4%	46.9%
Covered-employee payroll	\$ 172,678,405	\$ 9,791,832
Net OPEB liability as a percentage of Covered-employee payroll	226.70%	176.34%

* This schedule is intended to present information for 10 years, as of the measurement date of the collective net OPEB liability for each respective fiscal year. Additional years will be built prospectively as information becomes available.

See accompanying notes to required supplementary information

COUNTY OF HAWAII

Required Supplementary Information

June 30, 2020

Schedule of Contributions (OPEB) Last 10 Fiscal Years

County:

Fiscal Year Ended	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a %age of Covered-Employee Payroll
June 30, 2020	\$ 41,464,000	\$ 41,604,474	\$ 140,474	\$ 189,053,873	22.0%
June 30, 2019	\$ 39,770,000	\$ 39,770,000	\$ --	\$ 185,575,775	21.4%
June 30, 2018	\$ 37,748,000	\$ 32,829,013	\$ 4,918,987	\$ 178,889,344	21.1%
June 30, 2017	\$ 36,472,000	\$ 28,549,987	\$ 7,922,013	\$ 172,678,405	21.1%
June 30, 2016	\$ 33,614,000	\$ 22,747,340	\$ 10,866,660	\$ 159,744,324	14.2%
June 30, 2015	\$ 32,478,000	\$ 18,657,000	\$ 13,821,000	\$ 152,490,296	12.2%
June 30, 2014	\$ 30,526,000	\$ 17,453,000	\$ 13,073,000	\$ 139,423,481	12.5%
June 30, 2013	\$ 29,494,000	\$ 13,892,000	\$ 15,602,000	\$ 130,803,306	10.6%
June 30, 2012	\$ 36,193,000	\$ 13,730,000	\$ 22,463,000	\$ 124,452,126	11.0%
June 30, 2011	\$ 34,969,000	\$ 31,104,000	\$ 3,865,000	\$ 127,859,606	24.3%

Department:

Fiscal Year Ended	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a %age of Covered-Employee Payroll
June 30, 2020	\$ 1,977,000	\$ 1,977,000	\$ --	\$10,970,714	18.0%
June 30, 2019	\$ 1,990,000	\$ 1,990,000	\$ --	\$10,264,425	19.3%
June 30, 2018	\$ 1,933,000	\$ 1,936,548	(\$ 3,548)	\$10,212,595	19.0%
June 30, 2017	\$ 1,867,000	\$ 1,867,788	(\$ 788)	\$ 9,791,132	19.1%
June 30, 2016	\$ 1,914,000	\$ 1,913,204	\$ 796	\$ 9,464,649	20.2%
June 30, 2015	\$ 1,850,000	\$ 1,848,389	\$ 1,611	\$ 9,426,509	19.6%
June 30, 2014	\$ 1,899,000	\$ 1,900,758	(\$ 1,758)	\$ 8,635,402	22.0%
June 30, 2013	\$ 1,834,000	\$ 1,833,733	\$ 267	\$ 7,966,529	23.0%
June 30, 2012	\$ 2,400,000	\$ 2,401,487	(\$ 1,487)	\$ 8,182,968	29.4%
June 30, 2011	\$ 2,319,000	\$ 2,067,678	\$ 251,322	\$ 8,056,398	25.7%

See accompanying notes to required supplementary information

COUNTY OF HAWAII

Required Supplementary Information

June 30, 2020

Note – Significant Methods and Assumptions

Beginning July 1, 2017, an actuarial valuation of the County's and Department's liability associated with other postemployment benefits other than pension provided through the EUTF is performed as of July 1 of each year.

The following summarizes the significant methods and assumptions used to determine the actuarially determined contribution for the fiscal year ended June 30, 2020:

Actuarial valuation date	July 1, 2018
Actuarial cost method	Entry Age Normal
Amortization method	Level percent, closed
Equivalent single amortization period	19.3 and 17.9 for the County and Department, respectively
Asset valuation method	Smoothed
Inflation rate	2.50%
Investment rate of return	7.00%
Payroll growth	3.50%
Salary increases	3.50% to 7.00% including inflation
Healthcare cost trend rates	
PPO	Initial rates of 10.00%; declining to a rate of 4.86% after 13 years
HMO	Initial rate of 10.00%; declining to a rate of 4.86% after 13 years
Part B	Initial rate of 4.00% and 5.00%; declining to a rate of 4.70% after 12 years
Dental	5.00% for the first 3 years; then 4.00% for all future years
Vision	0.00% for the first 3 years; then 2.50% for all future years
Life Insurance	0.00%

COUNTY OF HAWAII

Required Supplementary Information

June 30, 2020

Demographic assumptions	Based on the experience study covering the five year period ending June 30, 2015 conducted for the Hawaii Employees' Retirement System
Mortality	System-specific mortality tables utilizing scale BB to project generational mortality improvement
Participation rates	98% healthcare participation assumption for retirees that receive 100% of the Base Monthly Compensation. Healthcare participation rates of 25%, 65%, and 90% for retirees that receive 0%, 50%, or 75% of the base monthly contribution, respectively. 100% for life insurance and 98% for Medicare Part B.

There were no other factors that significantly affected trends in the amounts reported in the schedule of changes in the net OPEB liability and related ratios or the schedule of contributions (OPEB).

COUNTY OF HAWAII

Required Supplementary Information

June 30, 2020

**Schedule of the County's and Department's Proportionate Share
of the Net Pension Liability (ERS)
Last 10 Fiscal Years**

County:

Measurement Period Ended	County's Proportion of the Net Pension Liability (%)	County's Proportionate Share of the Net Pension Liability (\$)	County's Covered Payroll	Proportionate Share of the Net Pension Liability as a %age of Covered Payroll	Plan Fiduciary Net Position as a %age of the Total Pension Liability
June 30, 2019	4.7%	\$668,213,164	\$172,497,101	388.4%	54.9%
June 30, 2018	4.8%	\$635,693,501	\$168,484,880	377.3%	55.5%
June 30, 2017	4.7%	\$609,904,199	\$163,626,447	372.7%	54.8%
June 30, 2016	4.6%	\$618,129,088	\$156,556,544	394.8%	51.2%
June 30, 2015	4.4%	\$382,070,813	\$149,760,347	255.1%	62.4%
June 30, 2014	4.0%	\$322,626,262	\$137,669,418	234.3%	63.9%
June 30, 2013	4.2%	\$377,065,856	\$129,143,763	292.0%	58.0%

Department:

Measurement Period Ended	Department's Proportion of the Net Pension Liability (%)	Department's Proportionate Share of the Net Pension Liability (\$)	Department's Covered Payroll	Proportionate Share of the Net Pension Liability as a %age of Covered Payroll	Plan Fiduciary Net Position as a %age of the Total Pension Liability
June 30, 2019	0.2%	\$ 32,029,248	\$10,318,136	310.4%	54.9%
June 30, 2018	0.3%	\$ 33,522,053	\$ 9,742,400	344.4%	55.5%
June 30, 2017	0.2%	\$ 28,365,453	\$ 9,358,487	303.1%	54.8%
June 30, 2016	0.2%	\$ 29,247,607	\$ 9,046,930	323.3%	51.2%
June 30, 2015	0.2%	\$ 18,940,065	\$ 9,012,196	210.2%	62.4%
June 30, 2014	0.3%	\$ 20,526,993	\$ 8,272,307	248.4%	63.9%
June 30, 2013	0.2%	\$ 18,469,400	\$ 7,640,477	241.7%	58.0%

* This schedule is intended to present information for 10 years, as of the measurement date of the collective net pension liability for each respective fiscal year. Additional years will be built prospectively as information becomes available.

See accompanying notes to required supplementary information

COUNTY OF HAWAII

Required Supplementary Information

June 30, 2020

**Schedule of the Employer Pension Contributions (ERS)
Last Ten Fiscal Years**

County:

Fiscal Year Ended	Statutorily Required Contribution	Actual County Contributions Recognized by the Plan	Contribution Deficiency (Excess)	County's Covered Payroll	Contributions as a %age of Covered Payroll
June 30, 2020	\$ 52,778,035	\$ 52,778,035	\$ --	\$ 180,285,326	29.3%
June 30, 2019	\$ 44,853,953	\$ 44,853,953	\$ --	\$ 172,197,101	26.0%
June 30, 2018	\$ 41,562,933	\$ 41,562,933	\$ --	\$ 168,484,880	24.7%
June 30, 2017	\$ 36,157,981	\$ 36,157,981	\$ --	\$ 163,626,447	22.1%
June 30, 2016	\$ 34,013,001	\$ 34,013,001	\$ --	\$ 156,556,514	21.7%
June 30, 2015	\$ 31,456,148	\$ 31,456,148	\$ --	\$ 149,760,317	21.0%
June 30, 2014	\$ 26,503,830	\$ 26,503,830	\$ --	\$ 137,669,418	19.3%
June 30, 2013	\$ 23,763,101	\$ 23,763,101	\$ --	\$ 129,153,763	18.4%
June 30, 2012	\$ 20,884,021	\$ 20,884,021	\$ --	\$ 123,218,017	16.9%
June 30, 2011	\$ 21,424,642	\$ 21,424,642	\$ --	\$ 126,714,584	16.9%

Department:

Fiscal Year Ended	Statutorily Required Contribution	Actual County Contributions Recognized by the Plan	Contribution Deficiency (Excess)	County's Covered Payroll	Contributions as a %age of Covered Payroll
June 30, 2020	\$ 2,258,593	\$ 2,258,593	\$ --	\$ 10,439,473	21.6%
June 30, 2019	\$ 1,950,358	\$ 1,950,358	\$ --	\$ 10,318,136	18.9%
June 30, 2018	\$ 1,757,461	\$ 1,757,461	\$ --	\$ 9,742,400	18.0%
June 30, 2017	\$ 1,603,278	\$ 1,603,278	\$ --	\$ 9,358,187	17.1%
June 30, 2016	\$ 1,553,128	\$ 1,553,128	\$ --	\$ 9,046,930	17.2%
June 30, 2015	\$ 1,520,994	\$ 1,520,994	\$ --	\$ 9,012,196	16.9%
June 30, 2014	\$ 1,664,580	\$ 1,664,580	\$ --	\$ 8,272,307	20.1%
June 30, 2013	\$ 1,214,933	\$ 1,214,933	\$ --	\$ 7,640,477	15.9%
June 30, 2012	\$ 1,210,106	\$ 1,210,106	\$ --	\$ 7,849,473	15.4%
June 30, 2011	\$ 1,197,031	\$ 1,197,031	\$ --	\$ 7,726,278	15.5%

See accompanying notes to required supplementary information

COUNTY OF HAWAII

Required Supplementary Information

June 30, 2020

Note – Changes of Assumptions

There were no changes of assumptions or other inputs that significantly affected the measurement of the total pension liability since the measurement period ended June 30, 2016.

Amounts reported in the schedule of the proportionate share of the net pension liability as of the measurement period ended June 30, 2016 (fiscal year ended June 30, 2017) were significantly impacted by the following changes of actuarial assumptions:

The investment return assumption decreased from 7.65% to 7.00%.

Mortality assumptions were modified to assume longer life expectancies as well as to reflect continuous mortality improvement.

Prior to the measurement period ended June 30, 2016 (fiscal year ended June 30, 2017), there were no other factors, including the use of different assumptions that significantly affect trends reported in these schedules.

COUNTY OF HAWAII

Required Supplementary Information

June 30, 2020

Schedule of Changes in Total Pension Liability (Bandsmen Pension)
Last Ten Fiscal Years*

Measurement year ending June 30,	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total Pension Liability				
Service Cost	\$ 7,577	\$ 7,392	\$ --	\$ 16,416
Interest on the Total Pension Liability	29,250	38,149	--	36,289
Differences between expected and actual experience	--	(89,947)	--	--
Assumption Changes	87,065	(44,293)	--	(143,807)
Benefit Payments	<u>(49,642)</u>	<u>(47,532)</u>	<u>(58,808)</u>	<u>(53,347)</u>
Net Change in Total Pension Liability	74,280	(136,234)	(58,808)	(144,449)
Total Pension Liability- Beginning	<u>954,744</u>	<u>1,087,972</u>	<u>1,146,780</u>	<u>1,261,229</u>
Total Pension Liability - Ending	<u>\$1,026,021</u>	<u>\$ 951,741</u>	<u>\$ 1,087,972</u>	<u>\$ 1,116,780</u>
Covered Payroll	\$ 26,349	\$ 26,349	\$ 49,505	\$ 49,505
Total Pension Liability as a Percentage of Covered Employee Payroll	3,894.0%	3,612.1%	2,197.7%	2,346.5%

* This schedule is intended to present information for 10 years, as of the measurement date of the total pension liability for each respective fiscal year. Additional years will be built prospectively as information becomes available.

See accompanying notes to required supplementary information

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

HIGHWAY FUND - Used to account for the costs of maintaining the County's highways and streets. Financing is provided primarily by fuel, motor vehicle weight and public utility franchise taxes.

SEWER FUND - Used to account for costs of operating the County's various sewer systems. Financing is provided by charges to users for sewer services.

SOLID WASTE FUND - Used to accumulate moneys for the operation, maintenance, and administration of the County's solid waste management, collection and disposal systems. Financing is provided by tipping fees at the landfills and by disposal permit fees.

CEMETERY FUND - Used to accumulate moneys to guarantee the future maintenance of County cemetery sites. Financing is provided from the sale of burial lots in County cemeteries.

PARKING METER FUND - Used to account for the costs of maintaining County on-street and off-street parking areas. Financing is provided by the proceeds from parking meters.

VEHICLE DISPOSAL FUND - Used to accumulate moneys for the towing, removal, disposal and recycling of abandoned or discarded automobiles and automobile parts. Financing is provided by annual fees collected with motor vehicle registrations.

BIKEWAY FUND - Used to accumulate moneys for the construction of bikeways within the County. Financing is provided by bicycle license fees.

WORKFORCE INVESTMENT ACT FUND - Used to account for employment and training services provided to economically disadvantaged adults, dislocated workers and youth. Financing is provided by federal grants.

GOLF COURSE FUND - Used to account for the cost of operating the Hilo Municipal Golf Course. Funding is provided from green fees and payments from restaurant and pro shop concessionaires.

GEOHERMAL RELOCATION AND COMMUNITY BENEFITS FUND - Used to account for the County's share of geothermal resource royalties received from the operator of a geothermal power plant located in the County. The funds are earmarked for a geothermal relocation program and to benefit the lower Puna area.

BEAUTIFICATION FUND - Used to accumulate moneys for the beautification of highways and disposal of abandoned vehicles within the County. Financing is provided by assessments on vehicle registrations.

HAWAII COUNTY HOUSING AGENCY - Used to account for Federal and County moneys used to provide public housing assistance within the County.

PARK DEDICATION FUND - Used to account for moneys deposited with the County by subdividers to provide land for parks and playgrounds in subdivisions.

GENERAL EXCISE TAX FUND - Used to account for moneys collected from the general excise tax surcharge.

SHORT-TERM VACATION RENTAL ENFORCEMENT FUND - Used to account for cost of enforcing County's short-term vacation rental enforcement laws. Financing is provided by all fees and fines collected in connection with the law.

DEBT SERVICE FUND

INTEREST FUND - Used to accumulate moneys for payment of interest on general obligation bonds. Moneys required to service interest maturities are transferred annually from the General Fund.

BOND REDEMPTION FUND - Used to accumulate moneys for the payment of general obligation bonds. Moneys required to retire the bonds are transferred from the General Fund one year in advance of maturity.

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COUNTY OF HAWAII
Nonmajor Governmental Funds

Combining Balance Sheet

June 30, 2020

	Special Revenue Funds					
	Highway Fund	Sewer Fund	Solid Waste Fund	Cemetery Fund	Parking Meter Fund	Vehicle Disposal Fund
Assets						
Cash and cash equivalents	\$ 18,171,640	\$ 18,358,492	\$ 12,912,585	\$ 161,909	\$ 314,650	\$ 11,000,536
Investments	-	-	-	-	-	-
Imprest fund	-	400	250	-	-	-
Receivables:						
Due from other governments	3,698,708	248,983	435,683	-	-	-
Due from other governmental funds	499,206	73,151	68,655	-	-	1,058
Due from other nongovernmental funds	-	4,000	-	-	-	-
Trade, net of allowance for doubtful accounts	-	1,723,643	890,612	-	-	-
Other	-	-	-	-	-	-
	<u>4,197,914</u>	<u>2,049,777</u>	<u>1,394,950</u>	<u>-</u>	<u>-</u>	<u>1,058</u>
Total assets	<u>\$ 22,369,554</u>	<u>\$ 13,408,669</u>	<u>\$ 14,307,785</u>	<u>\$ 161,909</u>	<u>\$ 314,650</u>	<u>\$ 11,001,594</u>
Liabilities, Deferred Inflows and Fund Balances						
Liabilities:						
Accounts payable	\$ 602,041	\$ 293,235	\$ 2,589,059	\$ -	\$ -	\$ 193,122
Accrued payroll	764,063	212,376	461,540	-	-	5,919
Due to other governmental funds	533,293	475,199	779,085	-	-	51,187
Advance Collections-Intergovernmental	149,254	-	11,998	-	-	-
Other	1,040	63,275	-	-	-	-
Total liabilities	<u>2,049,691</u>	<u>1,044,085</u>	<u>3,771,682</u>	<u>-</u>	<u>-</u>	<u>250,228</u>
Deferred Inflows of Resources						
Unavailable Revenue	<u>-</u>	<u>1,723,643</u>	<u>890,611</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:						
Restricted for:						
Debt service	-	-	-	-	-	-
Highways, streets and abandoned vehicles	20,389,863	-	-	-	-	-
Housing and rental assistance	-	-	-	-	-	-
Committed to:						
Sanitation	-	10,640,941	9,645,492	-	-	-
Highways, streets and abandoned vehicles	-	-	-	-	314,650	10,758,366
Rental assistance and subsidy	-	-	-	-	-	-
Cemetery	-	-	-	161,909	-	-
Golf Course	-	-	-	-	-	-
Lower Puna area	-	-	-	-	-	-
Parks and recreational projects	-	-	-	-	-	-
Total fund balances	<u>20,389,863</u>	<u>10,640,941</u>	<u>9,645,492</u>	<u>161,909</u>	<u>314,650</u>	<u>10,758,366</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 22,369,554</u>	<u>\$ 18,408,669</u>	<u>\$ 14,307,785</u>	<u>\$ 168,909</u>	<u>\$ 314,650</u>	<u>\$ 11,001,594</u>

Special Revenue Funds						
Bikeway Fund	Workforce Innovation & Opportunity Act Fund	Golf Course Fund	Geothermal Reloc. & Community Benefits Fund	Beautification Fund	Hawaii County Housing Agency	Park Dedication Fund
\$ 633,885	\$ -	\$ 170,869	\$ 4,274,235	\$ 468,303	\$ 3,855,753	\$ 48,238
-	-	-	-	-	-	12,737
-	-	2,000	-	-	800	-
-	174,100	-	-	-	107,772	-
27,000	-	3,046	-	-	144,804	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	38,993	330	-	-	117,790	93
27,000	213,093	3,376	-	-	370,366	93
<u>\$ 660,885</u>	<u>\$ 213,093</u>	<u>\$ 176,245</u>	<u>\$ 4,274,235</u>	<u>\$ 468,303</u>	<u>\$ 4,226,919</u>	<u>\$ 61,068</u>
\$ 724	\$ -	\$ 5,455	\$ -	\$ 2,175	\$ 142,268	\$ -
-	-	53,357	-	-	211,186	-
-	213,093	-	-	81,531	44,295	-
-	-	-	-	-	430,430	-
-	-	-	-	-	363,279	-
724	213,093	58,812	-	83,706	1,191,458	-
-	-	-	-	-	115,182	-
-	-	-	-	-	-	-
660,161	-	-	-	384,597	-	-
-	-	-	-	-	1,652,453	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	1,267,826	-
-	-	-	-	-	-	-
-	-	117,433	-	-	-	-
-	-	-	4,274,235	-	-	-
-	-	-	-	-	-	61,068
<u>660,161</u>	<u>-</u>	<u>117,433</u>	<u>4,274,235</u>	<u>384,597</u>	<u>2,920,279</u>	<u>61,068</u>
<u>\$ 660,885</u>	<u>\$ 213,093</u>	<u>\$ 176,245</u>	<u>\$ 4,274,235</u>	<u>\$ 468,303</u>	<u>\$ 4,226,919</u>	<u>\$ 61,068</u>

(Continued)

COUNTY OF HAWAII
Nonmajor Governmental Funds

Combining Balance Sheet

June 30, 2020

(Concluded)

	Special Revenue Funds		Debt Service Fund		Total Nonmajor Governmental Funds
	General Excise Tax Fund	Short-term Vacation Rental Enforcement Fund	Interest Fund	Bond Redemption Fund	
Assets					
Cash and cash equivalents	\$ 6,499,784	\$ 1,762,364	\$2,794,332	\$ 5,184,477	\$ 79,542,052
Investments	-	-	2,400,000	28,785,737	31,198,474
Imprest fund	-	-	-	-	3,450
Receivables:					
Due from other governments	14,029,449	-	-	-	18,694,695
Due from other governmental funds	1,601,687	-	-	-	2,418,607
Due from other nongovernmental funds	-	-	-	-	4,000
Trade, net of allowance for doubtful accounts	-	-	-	-	2,614,255
Other	-	-	210	-	157,416
	<u>15,638,136</u>	<u>-</u>	<u>210</u>	<u>-</u>	<u>23,888,973</u>
Total assets	<u>\$22,130,920</u>	<u>\$ 1,762,364</u>	<u>\$5,194,542</u>	<u>\$33,900,214</u>	<u>\$134,632,949</u>
Liabilities, Deferred Inflows and Fund Balances					
Liabilities:					
Accounts payable	\$ 196,940	\$ 2,220	\$ -	\$ -	\$ 3,957,239
Accrued payroll	57,960	13,747	-	-	1,780,148
Due to other governmental funds	6,340,360	11,264	-	-	8,529,307
Advance Collections-Intergovernmental	-	-	-	-	591,682
Other	512	-	63,199	185,000	676,305
Total liabilities	<u>6,595,772</u>	<u>27,238</u>	<u>63,199</u>	<u>185,000</u>	<u>15,534,688</u>
Deferred Inflows of Resources					
Unavailable Revenue	-	-	-	-	2,729,436
Fund balances:					
Restricted for:					
Debt service	-	-	5,131,343	33,715,214	38,846,557
Highways, streets and abandoned vehicles	15,535,148	-	-	-	36,899,769
Housing and rental assistance	-	1,735,133	-	-	3,387,586
Committed to:					
Sanitation	-	-	-	-	20,286,433
Highways, streets and abandoned vehicles	-	-	-	-	11,066,016
Rental assistance and subsidy	-	-	-	-	1,267,826
Cemetery	-	-	-	-	161,909
Golf Course	-	-	-	-	117,433
Lower Puna area	-	-	-	-	4,274,235
Parks and recreational projects	-	-	-	-	61,068
Total fund balances	<u>15,535,148</u>	<u>1,735,133</u>	<u>5,131,343</u>	<u>33,715,284</u>	<u>116,368,832</u>
Total liabilities, deferred inflows and fund balances	<u>\$22,130,920</u>	<u>\$ 1,762,364</u>	<u>\$5,194,542</u>	<u>\$33,900,214</u>	<u>\$134,632,949</u>

See accompanying independent auditors' report.

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COUNTY OF HAWAII
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2020

	Special Revenue Funds				
	Highway Fund	Sewer Fund	Solid Waste Fund	Cemetery Fund	Parking Meter Fund
Revenues					
Fuel taxes	\$ 20,108,062	\$ -	\$ -	\$ -	\$ -
Public utility franchise taxes	9,364,811	-	-	-	-
Licenses and permits	12,042,878	-	-	-	-
General excise tax surcharge	-	-	-	-	-
Intergovernmental	1,956,861	76,073	690,029	-	-
Charges for services	-	10,186,681	13,507,604	-	15,591
Investment earnings (loss)	-	-	-	-	-
Other	307,763	8,272	146,997	9,500	-
Total revenues	<u>43,780,375</u>	<u>10,271,026</u>	<u>14,344,630</u>	<u>9,500</u>	<u>15,591</u>
Expenditures					
Current:					
General Government	342,834	-	-	-	-
Public safety	10,339,473	-	-	-	-
Highways and streets	17,962,409	-	-	-	-
Health, education and welfare	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Sanitation	-	10,058,737	30,896,540	-	-
Pension and retirement contributions	3,514,100	984,783	2,102,574	-	-
Employees' health insurance	1,361,056	317,356	823,923	-	-
Other	1,032,145	458,024	471,087	-	-
Debt service:					
Principal	510,902	181,466	1,365,448	-	-
Interest	59,675	21,488	139,250	-	-
Total expenditures	<u>35,122,594</u>	<u>12,021,054</u>	<u>35,798,822</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>8,657,781</u>	<u>(1,750,828)</u>	<u>(21,454,192)</u>	<u>9,500</u>	<u>15,591</u>
Other Financing Sources (Uses)					
Transfers in	-	2,586,419	19,862,687	-	-
Increases in capital leases	179,377	1,139,583	-	-	-
Transfers out	(3,373,356)	-	-	-	-
Total other financing sources (uses)	<u>(3,193,979)</u>	<u>3,726,002</u>	<u>19,862,687</u>	<u>-</u>	<u>-</u>
Net change in fund balances	5,463,802	1,975,174	(1,591,505)	9,500	15,591
Fund balances at beginning of year	14,856,061	8,665,767	11,236,997	152,409	299,059
Fund balances at end of year	<u>\$ 20,319,863</u>	<u>\$10,640,941</u>	<u>\$ 9,645,492</u>	<u>\$ 161,909</u>	<u>\$314,650</u>

Special Revenue Funds							
Vehicle Disposal Fund	Bikeway Fund	Workforce Innovation & Opport. Act Fund	Golf Course Fund	Geothermal Reloc. & Community Benefits Fund	Beautification Fund	Hawaii County Housing Agency	Park Dedication Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
2,364,625	52,914	-	-	-	197,043	-	-
-	-	-	-	-	-	-	-
-	-	798,629	-	-	-	21,832,097	-
4,957	-	-	593,127	-	-	-	-
-	-	-	-	-	-	3,811	772
3,461	-	-	-	-	-	557,035	-
<u>2,373,043</u>	<u>52,914</u>	<u>798,629</u>	<u>593,127</u>	<u>-</u>	<u>197,043</u>	<u>22,392,943</u>	<u>772</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	43,123	-	-	-	138,082	-	-
-	-	798,629	-	-	-	22,335,523	-
-	-	-	1,027,701	-	140,047	-	-
1,652,101	-	-	-	-	-	-	-
26,229	-	-	262,404	-	-	844,952	-
11,325	-	-	120,979	-	-	361,792	-
-	-	-	-	-	-	5,536	-
-	-	-	37,278	-	-	7,911	-
-	-	-	4,940	-	-	315	-
<u>1,689,655</u>	<u>43,123</u>	<u>798,629</u>	<u>1,453,302</u>	<u>-</u>	<u>278,129</u>	<u>23,556,029</u>	<u>-</u>
<u>683,388</u>	<u>9,791</u>	<u>-</u>	<u>(860,175)</u>	<u>-</u>	<u>(81,086)</u>	<u>(1,163,086)</u>	<u>772</u>
-	-	-	1,000,205	-	-	1,517,810	-
-	-	-	-	-	-	-	-
(298,787)	-	-	-	-	-	-	(31,055)
<u>(298,787)</u>	<u>-</u>	<u>-</u>	<u>1,000,205</u>	<u>-</u>	<u>-</u>	<u>1,517,810</u>	<u>(31,055)</u>
384,601	9,791	-	140,030	-	(81,086)	354,724	(30,283)
10,366,765	650,370	-	(22,597)	4,274,235	465,683	2,565,555	91,351
<u>\$ 10,751,366</u>	<u>\$ 660,161</u>	<u>\$ -</u>	<u>\$ 117,433</u>	<u>\$ 4,274,235</u>	<u>\$ 384,597</u>	<u>\$ 2,920,279</u>	<u>\$ 61,068</u>

(Continued)

COUNTY OF HAWAII
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2020

(Concluded)

	Special Revenue Funds		Debt Service Fund		Total Nonmajor Governmental Funds
	General Excise Tax Fund	Short-term Vacation Rental Enforcement Fund	Interest Fund	Bond Redemption Fund	
Revenues					
Fuel taxes	\$ -	\$ -	\$ -	\$ -	\$ 20,108,062
Public utility franchise taxes	-	-	-	-	9,364,801
Licenses and permits	-	1,788,250	-	-	16,445,710
General excise tax surcharge	35,537,945	-	-	-	35,537,945
Intergovernmental	-	-	340,967	-	25,694,656
Charges for services	-	-	-	-	24,307,960
Investment earnings (loss)	-	-	50,260	-	54,843
Other	-	-	-	-	1,033,028
Total revenues	<u>35,537,945</u>	<u>1,788,250</u>	<u>391,227</u>	<u>-</u>	<u>132,547,015</u>
Expenditures					
Current:					
General Government	-	293,966	-	-	636,800
Public safety	-	-	-	-	10,339,473
Highways and streets	5,419,900	-	-	-	23,563,504
Health, education and welfare	-	-	-	-	23,134,152
Culture and recreation	-	-	-	-	1,167,748
Sanitation	-	-	-	-	42,607,378
Pension and retirement contributions	268,781	8,694	-	-	8,012,507
Employees' health insurance	80,253	1,608	-	-	3,078,292
Other	15,044	-	-	-	1,981,836
Debt service:					
Principal	-	-	-	25,592,211	27,695,216
Interest	-	-	18,276,271	-	18,501,939
Total expenditures	<u>5,783,978</u>	<u>304,268</u>	<u>18,276,271</u>	<u>25,592,211</u>	<u>160,718,865</u>
Excess (deficiency) of revenues over (under) expenditures	<u>29,753,967</u>	<u>1,483,982</u>	<u>(17,885,044)</u>	<u>(25,592,211)</u>	<u>(28,171,850)</u>
Other Financing Sources (Uses)					
Transfers in	-	-	19,368,409	29,744,044	74,079,574
Increases in capital leases	-	-	-	-	1,318,960
Transfers out	(20,260,000)	-	-	-	(23,963,198)
Total other financing sources (uses)	<u>(20,260,000)</u>	<u>-</u>	<u>19,368,409</u>	<u>29,744,044</u>	<u>51,435,336</u>
Net change in fund balances	9,493,967	1,483,982	1,483,365	4,151,833	23,263,486
Fund balances at beginning of year	<u>6,041,181</u>	<u>251,151</u>	<u>3,647,978</u>	<u>29,563,381</u>	<u>93,105,346</u>
Fund balances at end of year	<u>\$15,535,148</u>	<u>\$ 1,735,133</u>	<u>\$ 5,131,343</u>	<u>\$33,715,214</u>	<u>\$ 116,368,832</u>

See accompanying independent auditors' report.

COUNTY OF HAWAII

Highway Fund

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Budgetary Basis)**

For the Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Positive (Negative)</u>
Revenues:				
Taxes:				
Fuel taxes	\$23,209,658	\$ 23,209,658	\$ 20,108,062	\$ (3,101,596)
Public utility franchise taxes	8,000,000	8,000,000	9,364,811	1,364,811
Total taxes	31,209,658	31,209,658	29,472,873	(1,736,785)
Licenses and permits - motor vehicle weight taxes	12,000,000	12,000,000	12,042,878	42,878
Intergovernmental	1,375,000	1,375,000	2,106,115	730,115
Charges for services	410,000	410,000	205,065	(204,935)
Other	130,000	135,000	102,698	(32,302)
Total revenues	<u>45,124,658</u>	<u>45,129,658</u>	<u>43,929,629</u>	<u>(1,200,029)</u>
Expenditures:				
General government - engineering	894,248	1,386,779	598,667	788,112
Public safety - police traffic enforcement	1,318,815	1,318,805	1,185,130	133,685
Public safety - protective inspection	41,700	49,169	45,166	4,003
Public safety - traffic engineering	9,938,757	10,788,757	9,443,179	1,345,578
Highways and streets	16,956,293	16,661,293	12,601,829	4,059,464
Highways and streets - mass transit	7,447,185	7,447,185	7,398,172	49,013
Pension and retirement contributions	3,609,000	3,759,000	3,461,985	297,015
Employees' health insurance	1,700,000	1,550,000	1,348,434	201,566
Other	2,022,000	1,822,000	923,502	898,488
Total expenditures	<u>43,927,998</u>	<u>44,782,998</u>	<u>37,006,074</u>	<u>7,776,924</u>
Excess (deficiency) of revenues over (under) expenditures	1,196,660	346,660	6,923,555	6,576,895
Other financing sources (uses) - transfers in (out) -				
Transfers out - Capital Projects Fund	<u>(3,900,000)</u>	<u>(3,900,000)</u>	<u>(3,373,356)</u>	<u>526,644</u>
Deficiency of revenues and other sources under expenditures and other uses	(2,703,340)	(3,553,340)	3,550,199	7,103,539
Fund balance at beginning of year	<u>14,856,061</u>	<u>14,856,061</u>	<u>14,856,061</u>	<u>-</u>
Fund balance at end of year	<u>\$ 12,152,721</u>	<u>\$ 11,302,721</u>	<u>\$ 18,406,260</u>	<u>\$ 7,103,539</u>

See accompanying independent auditors' report.

COUNTY OF HAWAII

Sewer Fund

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Budgetary Basis)**

For the Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Positive (Negative)</u>
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 76,073	\$ 76,073
Charges for services - sewer fees	9,562,200	9,562,200	10,186,681	624,481
Other	-	-	8,272	8,272
Total revenues	<u>9,562,200</u>	<u>9,562,200</u>	<u>10,271,026</u>	<u>708,826</u>
Expenditures:				
Sanitation	13,243,750	13,243,750	11,656,721	1,587,029
Pension and retirement contributions	1,236,673	1,236,673	979,136	257,537
Employees' health insurance	584,832	554,832	316,213	238,619
Other	681,000	711,600	303,468	408,132
Total expenditures	<u>15,746,255</u>	<u>15,746,855</u>	<u>13,255,538</u>	<u>2,491,317</u>
Deficiency of revenues under expenditures	(6,184,055)	(6,184,655)	(2,984,512)	3,200,143
Other financing sources:				
Transfers in - General Fund	2,586,419	2,586,419	2,586,419	-
Excess (deficiency) of revenues and other sources over (under) expenditures	(3,597,636)	(3,598,236)	(398,093)	3,200,143
Fund balance at beginning of year	<u>8,665,767</u>	<u>8,665,767</u>	<u>8,665,767</u>	<u>-</u>
Fund balance at end of year	<u>\$ 5,068,131</u>	<u>\$ 5,067,531</u>	<u>\$ 8,267,674</u>	<u>\$ 3,200,143</u>

See accompanying independent auditors' report.

COUNTY OF HAWAII

Solid Waste Fund

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Budgetary Basis)**

For the Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Positive (Negative)</u>
Revenues:				
Intergovernmental	\$ 729,883	\$ 729,883	\$ 616,470	\$ (113,413)
Charges for services - tipping fees	12,118,000	12,118,000	13,507,604	1,389,604
Other	226,104	226,104	146,997	(79,107)
Total revenues	<u>13,073,987</u>	<u>13,073,987</u>	<u>14,271,071</u>	<u>1,197,084</u>
Expenditures:				
Sanitation	32,968,214	32,998,214	31,141,638	1,856,576
Pension and retirement contributions	2,119,967	2,119,967	2,082,732	37,235
Employees' health insurance	854,400	854,400	821,014	33,386
Other	791,950	761,950	494,882	267,068
Total expenditures	<u>36,734,531</u>	<u>36,734,531</u>	<u>34,540,266</u>	<u>2,194,265</u>
Deficiency of revenues under expenditures	<u>(23,660,544)</u>	<u>(23,660,544)</u>	<u>(20,269,195)</u>	<u>3,391,349</u>
Other financing sources:				
Transfers in - General Fund	19,862,687	19,862,687	19,862,687	-
Excess (deficiency) of revenues and other sources over (under) expenditures	<u>(3,797,857)</u>	<u>(3,797,857)</u>	<u>(406,508)</u>	<u>3,391,349</u>
Fund balance at beginning of year	<u>11,236,997</u>	<u>11,236,997</u>	<u>11,236,997</u>	<u>-</u>
Fund balance at end of year	<u><u>\$7,439,140</u></u>	<u><u>\$ 7,439,140</u></u>	<u><u>\$10,830,489</u></u>	<u><u>\$ 3,391,349</u></u>

See accompanying independent auditors' report

COUNTY OF HAWAII

Cemetery Fund

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Budgetary Basis)**

For the Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Positive (Negative)</u>
Revenues - other - sale of cemetery plots	\$ 10,000	\$ 10,000	\$ 9,500	\$ (500)
Expenditures - health, education and welfare	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Excess of revenues over expenditures	-	-	9,500	9,500
Fund balance at beginning of year	<u>152,409</u>	<u>152,409</u>	<u>152,409</u>	<u>-</u>
Fund balance at end of year	<u>\$ 152,409</u>	<u>\$ 152,409</u>	<u>\$ 161,909</u>	<u>\$ 9,500</u>

See accompanying independent auditors' report.

COUNTY OF HAWAII

Parking Meter Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Budgetary Basis)

For the Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Positive (Negative)</u>
Revenues - Charges for services - highways and streets	\$ -	\$ -	\$ 15,591	\$ 15,591
Excess of revenues over expenditures	-	-	15,591	15,591
Fund balance at beginning of year	<u>299,059</u>	<u>299,059</u>	<u>299,059</u>	<u>-</u>
Fund balance at end of year	<u>\$ 299,059</u>	<u>\$ 299,059</u>	<u>\$ 314,650</u>	<u>\$ 15,591</u>

See accompanying independent auditors' report.

COUNTY OF HAWAII

Vehicle Disposal Fund

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Budgetary Basis)**

For the Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Positive (Negative)</u>
Revenues:				
Licenses and permits - vehicle disposal fee	\$ 2,300,000	\$ 2,300,000	\$ 2,364,625	\$ 64,625
Charges for services - towing charges	2,000	2,000	4,957	2,957
Miscellaneous	<u>21,200</u>	<u>21,200</u>	<u>3,460</u>	<u>(17,740)</u>
Total revenues	<u>2,323,200</u>	<u>2,323,200</u>	<u>2,373,042</u>	<u>49,842</u>
Expenditures:				
Sanitation	2,901,510	2,901,510	1,367,489	1,534,021
Pension and retirement contributions	37,600	37,600	26,426	11,174
Employees' health insurance	25,000	25,000	11,494	13,506
Other	<u>8,500</u>	<u>8,500</u>	<u>-</u>	<u>8,500</u>
Total expenditures	<u>2,972,610</u>	<u>2,972,610</u>	<u>1,405,409</u>	<u>1,567,201</u>
Excess (deficiency) of revenues over (under) expenditures	(649,410)	(649,410)	967,633	1,617,043
Other financing (uses) - transfers (out) -				
Transfers out - Serial Bond Redemption Fund	(325,000)	(325,000)	(247,352)	77,648
Transfers out - Interest Fund	<u>(90,000)</u>	<u>(90,000)</u>	<u>(51,434)</u>	<u>38,566</u>
Deficiency of revenues and other sources under expenditures and other uses	(1,064,410)	(1,064,410)	668,847	1,500,829
Fund balance at beginning of year	<u>10,366,765</u>	<u>10,366,765</u>	<u>10,366,765</u>	<u>-</u>
Fund balance at end of year	<u>\$ 9,302,355</u>	<u>\$ 9,302,355</u>	<u>\$ 11,035,612</u>	<u>\$ 1,500,829</u>

See accompanying independent auditors' report.

COUNTY OF HAWAII

Bikeway Fund

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Budgetary Basis)**

For the Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Positive (Negative)</u>
Revenues - licenses and permits - bicycle tax	\$ 73,000	\$ 73,000	\$ 52,914	\$ (20,086)
Expenditures - highways and streets	<u>226,000</u>	<u>226,000</u>	<u>28,000</u>	<u>198,000</u>
Excess (deficiency) of revenues over (under) expenditures	(153,000)	(153,000)	24,914	177,914
Fund balance at beginning of year	<u>650,370</u>	<u>650,370</u>	<u>650,370</u>	<u>-</u>
Fund balance at end of year	<u><u>\$497,370</u></u>	<u><u>\$497,370</u></u>	<u><u>\$675,284</u></u>	<u><u>\$177,914</u></u>

See accompanying independent auditors' report.

COUNTY OF HAWAII

Workforce Innovation & Opportunity Act Fund

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Budgetary Basis)**

For the Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Positive (Negative)</u>
Revenues - intergovernmental	\$ -	\$ 1,210,978	\$ 531,206	\$ (687,772)
Expenditures:				
Health, education and welfare	-	1,210,978	543,175	675,803
Pension and retirement contributions	-	-	(10,569)	11,569
Employees' health insurance	-	-	(400)	400
Total expenditures	-	1,210,978	531,206	687,772
Excess of revenues over expenditures	-	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying independent auditors' report.

COUNTY OF HAWAII

Golf Course Fund

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Budgetary Basis)**

For the Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Positive (Negative)</u>
Revenues:				
Charges for services	\$ 852,277	\$ 502,277	\$ 593,127	\$ 90,850
Expenditures:				
Culture and recreation	1,093,604	1,118,380	1,067,178	51,202
Pension and retirement contributions	260,102	262,302	261,468	834
Employees' health insurance	118,000	120,600	120,504	96
Other	30,776	1,200	-	1,200
Total expenditures	<u>1,502,482</u>	<u>1,502,482</u>	<u>1,449,150</u>	<u>53,332</u>
Deficiency of revenues under expenditures	(650,205)	(1,000,205)	(856,023)	144,182
Other financing sources:				
Transfers in - General Fund	<u>650,205</u>	<u>1,000,205</u>	<u>1,000,205</u>	<u>-</u>
Excess of revenues and other sources over expenditures	-	-	144,182	144,182
Fund balance at beginning of year	<u>(22,597)</u>	<u>(22,597)</u>	<u>(22,597)</u>	<u>-</u>
Fund balance at end of year	<u>\$ (22,597)</u>	<u>\$ (22,597)</u>	<u>\$ 121,585</u>	<u>\$ 144,182</u>

See accompanying independent auditors' report.

Note: "Fund balance at beginning of year" in the above schedule is on the modified accrual and not budgetary basis, which is resulting in the negative fund balance shown above.

COUNTY OF HAWAII

Geothermal Relocation and Community Benefits Fund

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Budgetary Basis)**

For the Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Positive (Negative)</u>
Revenues				
Miscellaneous:				
Geothermal royalties	\$ 300,000	\$ 300,000	\$ --	\$ (300,000)
Expenditures:				
General government:				
Planning and zoning	<u>700,000</u>	<u>700,000</u>	<u>-</u>	<u>700,000</u>
Excess (deficiency) of revenues over (under) expenditures	(400,000)	(400,000)	-	400,000
Fund balance at beginning of year	<u>4,274,235</u>	<u>4,274,235</u>	<u>4,274,235</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ 3,874,235</u></u>	<u><u>\$ 3,874,235</u></u>	<u><u>\$ 4,274,235</u></u>	<u><u>\$ 400,000</u></u>

See accompanying independent auditors' report.

COUNTY OF HAWAII

Beautification Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budgetary Basis)

For the Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Positive (Negative)</u>
Revenues - licenses and permits - highway beautification	\$ 191,000	\$ 191,000	\$ 197,043	\$ 6,043
Expenditures:				
Highways and streets	236,300	236,300	138,614	97,686
Culture and recreation	<u>157,650</u>	<u>157,650</u>	<u>38,493</u>	<u>119,157</u>
Total expenditures	<u>393,950</u>	<u>393,950</u>	<u>177,107</u>	<u>216,843</u>
Deficiency of revenues under expenditures	(202,950)	(202,950)	19,936	222,886
Fund balance at beginning of year	<u>465,683</u>	<u>465,683</u>	<u>465,683</u>	<u>-</u>
Fund balance at end of year	<u>\$ 262,733</u>	<u>\$ 262,733</u>	<u>\$ 485,619</u>	<u>\$222,886</u>

See accompanying independent auditors' report.

COUNTY OF HAWAII

Hawaii County Housing Agency

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Budgetary Basis)**

For the Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Positive (Negative)</u>
Revenues:				
Intergovernmental -				
Federal - HUD - Voucher program	\$ 20,783,442	\$ 22,412,449	\$ 22,248,891	\$ (163,558)
Investment earnings	1,620	1,620	3,811	2,191
Resale of property	-	-	40,000	40,000
Other	1,582,434	1,582,434	517,034	(1,065,400)
Total revenues	<u>22,367,496</u>	<u>23,996,503</u>	<u>22,809,736</u>	<u>(1,186,767)</u>
Expenditures:				
Health, education and welfare	23,337,190	25,057,129	22,791,508	2,265,621
Pension and retirement contributions	901,575	901,575	835,833	65,742
Employees' health insurance	412,350	412,350	361,234	51,116
Total expenditures	<u>24,651,115</u>	<u>26,371,054</u>	<u>23,988,575</u>	<u>2,382,479</u>
Deficiency of revenues under expenditures	(2,283,619)	(2,374,551)	(1,178,839)	1,195,712
Other financing sources - transfers in -				
Transfers in - General Fund	2,283,619	2,289,619	1,517,810	(771,809)
Excess (deficiency) of revenues and other sources over (under) expenditures	-	(84,932)	338,971	423,903
Fund balance at beginning of year	<u>2,565,555</u>	<u>2,565,555</u>	<u>2,565,555</u>	<u>-</u>
Fund balance at end of year	<u>\$ 2,565,555</u>	<u>\$ 2,480,623</u>	<u>\$ 2,904,526</u>	<u>\$ 423,903</u>

See accompanying independent auditors' report.

COUNTY OF HAWAII

Park Dedication Fund

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Budgetary Basis)**

For the Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Positive (Negative)</u>
Revenues - investment earnings	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 802</u>	<u>\$ 802</u>
Excess of revenues over expenditures	-	-	802	802
Other financing (uses) - transfers (out) -				
Transfers out - Serial Bond Redemption Fund	<u></u>	<u>(32,000)</u>	<u>(31,055)</u>	<u>945</u>
Deficiency of revenues and other sources under expenditures and other uses	-	(32,000)	(30,253)	1,747
Fund balance at beginning of year	<u>91,351</u>	<u>91,351</u>	<u>91,351</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ 91,351</u></u>	<u><u>\$ 59,351</u></u>	<u><u>\$ 61,098</u></u>	<u><u>\$ 1,747</u></u>

See accompanying independent auditors' report.

COUNTY OF HAWAII

General Excise Tax Fund

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Budgetary Basis)**

For the Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Positive (Negative)</u>
Revenues - GET surcharge	<u>\$ 32,000,000</u>	<u>32,000,000</u>	<u>37,948,026</u>	<u>5,948,026</u>
Expenditures:				
Highways and streets - mass transit	11,235,956	11,235,956	5,096,020	6,139,936
Pension and retirement contributions	325,000	325,000	257,178	67,822
Employees' health insurance	120,000	120,000	76,853	43,147
Other	<u>59,044</u>	<u>59,044</u>	<u>14,988</u>	<u>44,056</u>
Total expenditures	<u>11,740,000</u>	<u>11,740,000</u>	<u>5,445,039</u>	<u>6,294,961</u>
Excess (deficiency) of revenues over (under) expenditures	<u>20,260,000</u>	<u>20,260,000</u>	<u>32,502,987</u>	<u>12,242,987</u>
Other financing sources (uses) - transfers in (out) -				
Transfers out - Capital Projects Fund	(12,660,000)	(12,660,000)	(12,660,000)	-
Transfers out - Serial Bond Redemption Fund	(5,600,000)	(5,600,000)	(5,600,000)	-
Transfers out - Interest Fund	<u>(2,000,000)</u>	<u>(2,000,000)</u>	<u>(2,000,000)</u>	<u>-</u>
Deficiency of revenues and other sources under expenditures and other uses	<u>-</u>	<u>-</u>	<u>12,242,987</u>	<u>12,242,987</u>
Fund balance at beginning of year	<u>6,041,181</u>	<u>6,041,181</u>	<u>6,041,181</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ 6,041,181</u></u>	<u><u>\$ 6,041,181</u></u>	<u><u>\$ 18,284,168</u></u>	<u><u>\$ 12,242,987</u></u>

See accompanying independent auditors' report.

COUNTY OF HAWAII

Short-Term Vacation Rental Enforcement Fund

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Budgetary Basis)**

For the Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Positive (Negative)</u>
Revenues:				
Licenses - ST vacation rental fees	\$800,000	\$ 800,000	\$ 1,788,250	\$ 988,250
Fines and forfeitures	<u>45,850</u>	<u>45,850</u>	<u>-</u>	<u>(45,850)</u>
Total revenues	845,850	845,850	1,788,250	942,400
Expenditures:				
General government:				
ST vacation rental enforcement	672,850	672,850	361,044	311,806
Pension and retirement contributions	91,900	91,900	6,065	85,835
Employees' health insurance	65,500	65,500	626	64,874
Other	<u>15,600</u>	<u>15,600</u>	<u>-</u>	<u>15,600</u>
Total expenditures	845,850	845,850	367,735	478,115
Excess (deficiency) of revenues over (under) expenditures	-	-	1,420,515	1,420,515
Fund balance at beginning of year	<u>251,151</u>	<u>251,151</u>	<u>251,151</u>	<u>-</u>
Fund balance at end of year	<u><u>\$251,151</u></u>	<u><u>\$ 251,151</u></u>	<u><u>\$1,671,666</u></u>	<u><u>\$ 1,420,515</u></u>

See accompanying independent auditors' report.

COUNTY OF HAWAII

Agency Funds

Combining Statement of Agency Funds Net Position

June 30, 2020

	State Weight Tax Fund	Improvement District No. 18 Fund	Improvement District No. 19 Fund	Improvement District No. 20 Fund	Improvement District Revolving Fund	Performance and Refundable Deposits Fund
<u>Assets</u>						
Cash and cash equivalents	\$2,107,133	\$ 508,920	\$ 397,109	\$ 276,264	\$ 148,336	\$ 216,434
Investments	-	-	250,248	-	35,220	-
Due from other agency funds	-	-	-	-	-	-
Other receivables	-	5,931	6,476	28	257	232
Total assets	<u>\$2,107,133</u>	<u>\$ 514,851</u>	<u>\$ 653,833</u>	<u>\$ 276,292</u>	<u>\$ 183,813</u>	<u>\$ 216,663</u>
<u>Liabilities</u>						
Vouchers payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other agency funds	-	-	-	-	-	8,400
Accrued liabilities	2,107,133	7,195	5,606	-	-	104
Advances payable	-	13,075	10,969	-	-	208,159
Assets held for the benefit of improvement districts	-	494,581	637,258	276,292	183,813	-
Total liabilities	<u>\$2,107,133</u>	<u>\$ 514,851</u>	<u>\$ 653,833</u>	<u>\$ 276,292</u>	<u>\$ 183,813</u>	<u>\$ 216,663</u>

See accompanying independent auditors' report.

<u>Payroll Clearance Fund</u>	<u>Flexible Spending Account</u>	<u>Lapsed Warrants Fund</u>	<u>Non-Profit License Plates Fund</u>	<u>Organ and Tissue Education Fund</u>	<u>Business Improvement District 1 - Kailua</u>	<u>Total</u>
\$ 114,205	\$ 380,702	\$ 365,298	\$ 11,355	\$ 4,793	\$ 324	\$ 4,530,870
-	-	-	-	-	-	285,468
-	-	15,396	-	-	-	15,396
7,093	-	37,826	-	-	10,891	68,734
<u>\$ 121,298</u>	<u>\$ 380,702</u>	<u>\$ 410,520</u>	<u>\$ 11,355</u>	<u>\$ 4,793</u>	<u>\$ 11,215</u>	<u>\$ 4,900,468</u>
\$ 2,258	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,258
6,856	-	-	140	-	-	15,396
112,184	380,702	418,520	11,215	4,793	324	3,047,776
-	-	-	-	-	-	232,203
-	-	-	-	-	10,891	1,602,835
<u>\$ 121,298</u>	<u>\$ 380,702</u>	<u>\$ 410,520</u>	<u>\$ 11,355</u>	<u>\$ 4,793</u>	<u>\$ 11,215</u>	<u>\$ 4,900,468</u>

COUNTY OF HAWAII

Agency Funds

Combining Statement of Changes in Assets and Liabilities

For the Fiscal Year Ended June 30, 2020

	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2020</u>
State Weight Tax Fund				
<u>Assets</u>				
Cash and cash equivalents	\$ 1,775,915	\$ 24,623,876	\$ 24,292,658	\$ 2,107,133
<u>Liabilities</u>				
Vouchers payable	\$ -	\$ 24,152,768	\$ 24,162,768	\$ -
Due to other agency funds	8	-	8	-
Accrued liabilities - due to State of Hawaii	1,775,907	24,625,294	24,294,068	2,107,133
Total liabilities	\$ 1,775,915	\$ 48,778,062	\$ 48,446,844	\$ 2,107,133
Improvement District No. 18 Fund				
<u>Assets</u>				
Cash and cash equivalents	\$ 515,498	\$ 153,882	\$ 160,460	\$ 508,920
Other receivables	6,182	155,780	156,034	5,931
Total assets	\$ 521,680	\$ 309,662	\$ 316,491	\$ 514,851
<u>Liabilities</u>				
Vouchers Payable	\$ -	\$ 410	\$ 410	\$ -
Due to other non-agency funds	1,341	1,264	1,341	1,264
Accrued liabilities	6,182	122,106	122,357	5,934
Advances payable	15,224	-	2,149	13,075
Assets held for the benefit of improvement districts	498,933	122,358	126,710	494,581
Total liabilities	\$ 521,680	\$ 246,138	\$ 252,967	\$ 514,854

COUNTY OF HAWAII

Agency Funds

Combining Statement of Changes in Assets and Liabilities

For the Fiscal Year Ended June 30, 2020

	Balance July 1, <u>2019</u>	<u>Additions</u>	<u>Deductions</u>	Balance June 30, <u>2020</u>
Improvement District No. 19 Fund				
<u>Assets</u>				
Cash and cash equivalents	\$ 364,999	\$ 99,459	\$ 67,349	\$ 397,109
Investments	250,060	188	-	250,248
Due from other non-agency funds	14,227	-	14,227	-
Other receivables	8,281	69,338	71,143	6,476
Total assets	<u>\$ 637,567</u>	<u>\$ 168,985</u>	<u>\$ 152,719</u>	<u>\$ 653,833</u>
<u>Liabilities</u>				
Vouchers Payable	\$ -	\$ 2,296	\$ 2,296	\$ -
Due to other non-agency funds	1,769	1,673	1,769	1,673
Accrued liabilities	5,754	66,795	68,616	3,933
Advances payable	9,880	10,969	9,880	10,969
Assets held for the benefit of improvement districts	620,164	74,466	57,372	637,258
Total liabilities	<u>\$ 637,567</u>	<u>\$ 156,199</u>	<u>\$ 139,933</u>	<u>\$ 653,833</u>
Improvement District No. 20 Fund				
<u>Assets</u>				
Cash and cash equivalents	\$ 14,746	\$ 263,748	\$ 2,230	\$ 276,264
Investments	225,000	-	225,000	-
Other receivables	579	28	579	28
Total assets	<u>\$ 240,325</u>	<u>\$ 263,776</u>	<u>\$ 227,809</u>	<u>\$ 276,292</u>
<u>Liabilities</u>				
Vouchers Payable	\$ 75,000	\$ -	\$ 75,000	\$ -
Advances payable	2,148	-	2,148	-
Assets held for the benefit of improvement districts	163,177	113,197	82	276,292
Total liabilities	<u>\$ 240,325</u>	<u>\$ 113,197</u>	<u>\$ 77,230</u>	<u>\$ 276,292</u>

COUNTY OF HAWAII

Agency Funds

Combining Statement of Changes in Assets and Liabilities

For the Fiscal Year Ended June 30, 2020

	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2020</u>
Improvement District Revolving Fund				
<u>Assets</u>				
Cash and cash equivalents	\$ 10,478	\$ 137,858	\$ -	\$ 148,336
Investments	169,949	"	134,729	35,220
Other receivables	519	257	519	257
Total assets	<u>\$ 180,946</u>	<u>\$ 138,115</u>	<u>\$ 135,248</u>	<u>\$ 183,813</u>
<u>Liabilities</u>				
Assets held for the benefit of improvement districts	<u>\$ 180,946</u>	<u>\$ 2,867</u>	<u>\$ -</u>	<u>\$ 183,813</u>
Performance and Refundable Deposits Fund				
<u>Assets</u>				
Cash and cash equivalents	\$ 332,554	\$ 432,555	\$ 548,678	\$ 216,431
Due from other non-agency funds	-	\$ 75,487	\$ 75,255	232
	<u>\$ 332,554</u>	<u>\$ 508,042</u>	<u>\$ 623,933</u>	<u>\$ 216,663</u>
<u>Liabilities</u>				
Vouchers payable	\$ -	\$ 539,689	\$ 539,689	\$ -
Due to other agency funds	5,850	8,400	5,850	8,400
Due to other non-agency funds	-	104	-	104
Advances payable	326,704	423,493	542,038	208,159
Total liabilities	<u>\$ 332,554</u>	<u>\$ 971,686</u>	<u>\$ 1,087,577</u>	<u>\$ 216,663</u>

COUNTY OF HAWAII

Agency Funds

Combining Statement of Changes in Assets and Liabilities

For the Fiscal Year Ended June 30, 2020

	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2020</u>
Payroll Clearance Fund				
<u>Assets</u>				
Cash and cash equivalents	\$ 554,271	\$ 331,599,469	\$ 332,039,535	\$ 114,205
Due from other non-agency funds	-	317,794,554	317,790,666	3,888
Other receivables	3,205	-	-	3,205
Total assets	<u><u>\$ 557,476</u></u>	<u><u>\$ 649,394,023</u></u>	<u><u>\$ 649,830,201</u></u>	<u><u>\$ 121,298</u></u>
<u>Liabilities</u>				
Vouchers payable	\$ 1,315	\$ 163,576,141	\$ 163,575,198	\$ 2,258
Due to other agency funds	1,224	6,856	1,224	6,856
Due to other non-agency funds	-	2,176	-	2,176
Accrued liabilities	554,937	363,283,873	363,728,802	110,008
Total liabilities	<u><u>\$ 557,476</u></u>	<u><u>\$ 526,869,046</u></u>	<u><u>\$ 527,305,224</u></u>	<u><u>\$ 121,298</u></u>
Flexible Spending Account				
<u>Assets</u>				
Cash and cash equivalents	<u><u>\$ 382,314</u></u>	<u><u>\$ 433,474</u></u>	<u><u>\$ 435,086</u></u>	<u><u>\$ 380,702</u></u>
<u>Liabilities</u>				
Accrued liabilities	<u><u>\$ 382,314</u></u>	<u><u>\$ 433,474</u></u>	<u><u>\$ 435,086</u></u>	<u><u>\$ 380,702</u></u>
Lapsed Warrants Fund				
<u>Assets</u>				
Cash and cash equivalents	\$ 346,242	\$ 20,884	\$ 1,828	\$ 365,298
Due from other agency funds	7,242	15,396	7,242	15,396
Due from other non-agency funds	13,429	37,826	13,429	37,826
Total assets	<u><u>\$ 366,913</u></u>	<u><u>\$ 74,106</u></u>	<u><u>\$ 22,499</u></u>	<u><u>\$ 418,520</u></u>
<u>Liabilities</u>				
Vouchers payable	\$ -	\$ 1,603	\$ 1,603	\$ -
Accrued liabilities	366,913	65,436	13,829	418,520
Total liabilities	<u><u>\$ 366,913</u></u>	<u><u>\$ 67,039</u></u>	<u><u>\$ 15,432</u></u>	<u><u>\$ 418,520</u></u>

COUNTY OF HAWAII

Agency Funds

Combining Statement of Changes in Assets and Liabilities

For the Fiscal Year Ended June 30, 2020

	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2020</u>
Non-Profit License Plates Fund				
<u>Assets</u>				
Cash and cash equivalents	\$ 18,580	\$ 69,210	\$ 76,435	\$ 11,355
<u>Liabilities</u>				
Vouchers payable	\$ -	\$ 75,925	\$ 75,925	\$ -
Due to other agency funds	160	140	160	140
Accrued liabilities:				
Due to non-profit agency	18,420	69,070	76,275	11,215
Total liabilities	<u>\$ 18,580</u>	<u>\$ 145,135</u>	<u>\$ 152,360</u>	<u>\$ 11,355</u>
Organ and Tissue Education Fund				
<u>Assets</u>				
Cash and cash equivalents	\$ 2,001	\$ 12,066	\$ 9,274	\$ 4,793
<u>Liabilities</u>				
Vouchers payable	\$ -	\$ 9,226	\$ 9,226	\$ -
Accrued liabilities - due to State of Hawaii	2,001	12,066	9,274	4,793
Total liabilities	<u>\$ 2,001</u>	<u>\$ 21,292</u>	<u>\$ 18,500</u>	<u>\$ 4,793</u>
Business Improvement District 1-Kailua				
<u>Assets</u>				
Cash and cash equivalents	\$ 944	\$ 1,105,434	\$ 1,106,054	\$ 324
Other receivables - BID 1-Kailua Assessment	6,048	1,243,001	1,238,158	10,891
Due from other non-agency funds	-	121,914	121,914	-
Total assets	<u>\$ 6,992</u>	<u>\$ 2,480,349</u>	<u>\$ 2,476,126</u>	<u>\$ 11,215</u>
<u>Liabilities</u>				
Vouchers payable	\$ -	\$ 1,102,066	\$ 1,102,066	\$ -
Accrued liabilities - due to KVBID	944	324	944	324
Accrued liabilities	-	8	8	-
Assets held for the benefit of improvement districts	6,048	834,478	829,635	10,891
Total liabilities	<u>\$ 6,992</u>	<u>\$ 1,936,876</u>	<u>\$ 1,932,653</u>	<u>\$ 11,215</u>

COUNTY OF HAWAII

Agency Funds

Combining Statement of Changes in Assets and Liabilities

For the Fiscal Year Ended June 30, 2020

	Balance July 1, <u>2019</u>	<u>Additions</u>	<u>Deductions</u>	Balance June 30, <u>2020</u>
Total - All Agency Funds				
<u>Assets</u>				
Cash and cash equivalents	\$4,318,542	\$ 358,961,915	\$ 358,749,587	\$4,530,870
Investments	645,009	188	359,729	285,468
Due from other agency funds	7,242	15,396	7,242	15,396
Due from other non-agency funds	27,656	318,029,781	318,015,491	41,946
Other receivables - BID I-Kailua Assessment	6,048	1,243,001	1,238,158	10,891
Other receivables	18,766	225,403	228,272	15,897
Total assets	<u>\$5,023,263</u>	<u>\$ 678,475,684</u>	<u>\$ 678,598,479</u>	<u>\$4,900,468</u>
<u>Liabilities</u>				
Vouchers payable	\$ 76,315	\$ 189,460,124	\$ 189,534,181	\$ 2,258
Due to other agency funds	7,242	15,396	7,242	15,396
Due to other non-agency funds	3,110	5,217	3,110	5,217
Accrued liabilities	1,316,100	363,971,692	364,368,698	919,094
Accrued liabilities - due to non-profit agency	18,420	69,070	76,275	11,215
Accrued liabilities - due to State of Hawaii	1,777,908	24,637,360	24,303,342	2,111,926
Accrued liabilities - due to KVBID	944	324	944	324
Advances payable	353,956	434,462	556,215	232,203
Assets held for the benefit of improvement districts	1,469,268	1,147,366	1,013,799	1,602,835
Total liabilities	<u>\$5,023,263</u>	<u>\$ 579,741,011</u>	<u>\$ 579,863,806</u>	<u>\$4,900,468</u>

See accompanying independent auditors' report.

COUNTY OF HAWAII

Private Purpose Trusts

Combining Statement of Private Purpose Trust Net Position

June 30, 2020

	<u>Geothermal Asset Fund</u>	<u>Shippers' Wharf Trust Fund</u>	<u>Total Private Purpose Trusts</u>
Assets			
Cash and cash equivalents	\$ 1,818,326	\$ 763,469	\$ 2,581,795
Investments	397,646	1,795,203	2,192,849
Interest receivable	2,898	-	2,898
Total assets	<u>\$ 2,218,870</u>	<u>\$ 2,558,672</u>	<u>\$ 4,777,542</u>
Net Position			
Held in trust for other parties	<u>\$ 2,218,870</u>	<u>\$ 2,558,672</u>	<u>\$ 4,777,542</u>
Total net position	<u>\$ 2,218,870</u>	<u>\$ 2,558,672</u>	<u>\$ 4,777,542</u>

See accompanying independent auditors' report.

COUNTY OF HAWAII

Private Purpose Trusts

Combining Statement of Changes in Private Purpose Trust Net Position

For the Fiscal Year Ended June 30, 2020

	<u>Geothermal Asset Fund</u>	<u>Shippers' Wharf Trust Fund</u>	<u>Total Private Purpose Trusts</u>
Additions			
Contributions:			
Puna Geothermal Venture	\$ 50,000	\$ -	\$ 50,000
Investment earnings:			
Net increase (decrease) in fair value of investments	11,651	65,657	77,308
Dividends	-	44,643	44,643
Interest	<u>21,998</u>	<u>2,650</u>	<u>24,649</u>
Total additions	<u>83,649</u>	<u>112,950</u>	<u>196,600</u>
Deductions			
Grant payments	-	45,724	45,724
Investment Fees	<u>-</u>	<u>14,273</u>	<u>14,273</u>
Total deductions	<u>-</u>	<u>59,997</u>	<u>59,997</u>
Change in net position	83,649	52,954	136,603
Net position, beginning of year	<u>2,135,221</u>	<u>2,505,718</u>	<u>4,640,939</u>
Net position, end of year	<u>\$ 2,218,870</u>	<u>\$ 2,558,672</u>	<u>\$ 4,777,542</u>

See accompanying independent auditors' report.

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STATISTICAL SECTION

(UNAUDITED)

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Table 1

COUNTY OF HAWAII

Net Position by Component

Last Ten Fiscal Years

	2011	2012	2013, as restated	2014	2015	2016, as restated	2017, as restated	2018	2019	2020
Governmental activities										
Net investment in capital assets	\$514,309,238	\$594,384,524	\$699,326,156	\$734,889,023	\$748,754,727	\$824,846,090	\$835,787,961	\$840,099,433	\$866,986,564	\$891,782,081
Restricted	51,840,697	48,360,223	64,437,707	89,620,936	74,813,856	74,694,901	70,439,580	91,458,455	83,230,067	94,431,592
Unrestricted ^{1,2}	40,287,046	39,340,897	181,055	(18,007,624)	(351,386,671)	(403,934,491)	(745,796,790)	(791,538,872)	(822,112,134)	(835,802,574)
Total governmental activities net position	\$606,436,981	\$682,085,644	\$763,944,918	\$806,502,335	\$472,181,912	\$495,606,500	\$160,430,751	\$140,019,016	\$128,104,497	\$150,411,099
Business-type activities										
Net investment in capital assets	\$ 308,966	\$ 315,848	\$ 315,255	\$ 368,849	\$ 428,815	\$ 481,039	\$ 524,292	\$ 595,538	\$ 667,777	\$ 1,334,932
Restricted	185,087	185,148	-	-	-	-	-	-	-	-
Unrestricted	449,581	455,918	1,045,190	1,093,750	1,040,216	1,036,870	1,022,523	1,118,492	1,217,201	1,277,986
Total business-type activities net position	\$ 943,634	\$ 956,914	\$ 1,360,445	\$ 1,462,599	\$ 1,469,031	\$ 1,517,909	\$ 1,546,815	\$ 1,714,030	\$ 1,884,978	\$ 2,612,918
Primary government										
Net investment in capital assets	\$514,618,204	\$594,700,372	\$699,641,411	\$735,257,872	\$749,183,542	\$825,327,129	\$836,312,253	\$840,694,971	\$867,654,341	\$893,117,013
Restricted	52,025,784	48,545,371	64,437,707	89,620,936	74,813,856	74,694,901	70,439,580	91,458,455	83,230,067	94,431,592
Unrestricted	40,736,627	39,796,815	1,226,245	(16,913,874)	(350,346,455)	(402,897,621)	(744,774,267)	(790,420,380)	(820,894,933)	(834,524,588)
Total primary government net position	\$607,380,615	\$683,042,558	\$765,305,363	\$807,964,934	\$473,650,943	\$497,124,409	\$161,977,566	\$141,733,046	\$129,989,475	\$153,024,017

Unaudited - see accompanying independent auditors' report.

¹ Balances prior to FY 2015 have not been adjusted for the implementation of GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27 and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68

² Balances prior to FY 2017 have not been adjusted for the implementation of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

COUNTY OF HAWAII

Changes in Net Position

Last Ten Fiscal Years

	2011	2012	2013, as restated	2014	2015	2016, as restated	2017	2018	2019	2020
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 1,856,795	\$ 2,306,855	\$ 1,695,152	\$ 2,495,917	\$ 2,246,106	\$ 2,659,984	\$ 2,791,430	\$ 2,334,119	\$ 2,149,353	\$ 4,320,738
Public safety	4,447,120	5,136,278	5,117,102	5,562,424	5,926,316	5,594,344	5,739,064	6,114,204	6,220,940	5,917,482
Highways and streets	9,800,983	10,544,711	10,159,443	13,901,679	16,043,045	16,965,449	16,712,641	17,295,316	17,870,107	16,585,633
Health, education and welfare	424,107	454,913	570,312	559,381	548,781	523,824	1,305,662	923,654	1,320,363	2,522,672
Culture and recreation	1,626,178	1,601,195	1,794,553	1,954,213	2,150,900	1,951,553	1,844,380	1,999,177	1,940,302	1,451,429
Sanitation	15,889,364	14,831,846	15,593,933	16,426,521	17,816,818	19,011,328	20,896,167	21,910,253	25,858,609	25,678,374
Operating grants and contributions	50,820,951	45,767,655	44,410,353	42,957,370	47,406,704	47,234,458	52,897,945	57,600,066	64,285,842	75,553,629
Capital grants and contributions	38,810,806	86,754,033	107,584,670	62,370,497	29,621,907	60,230,846	14,784,692	31,530,719	28,375,566	43,498,993
Total governmental activities program revenues	123,676,304	167,397,486	186,925,518	146,228,002	121,760,577	154,171,786	116,971,981	139,707,508	148,021,082	175,528,950
Business-type activities:										
Charges for services:										
Health, education and welfare	372,599	393,464	432,057	468,018	453,304	457,842	469,082	503,597	510,352	482,150
Operating grants and contributions	133,215	131,227	123,800	127,119	113,642	133,932	132,435	224,921	261,848	269,273
Capital grants and contributions	-	-	-	-	-	-	-	-	-	616,776
Total business-type activities program revenues	505,814	524,691	555,857	595,137	566,946	591,774	601,517	728,518	772,200	1,368,199
Total primary government program revenues	\$ 124,182,118	\$ 167,922,177	\$ 187,481,375	\$ 146,823,139	\$ 122,327,523	\$ 154,763,560	\$ 117,573,498	\$ 140,436,026	\$ 148,793,282	\$ 176,897,149
Expenses										
Governmental activities:										
General government	\$ 53,439,428	\$ 56,115,599	\$ 55,616,102	\$ 59,448,042	\$ 69,859,089	\$ 65,064,440	\$ 72,836,020	\$ 75,740,262	\$ 88,660,088	\$ 86,747,456
Public safety	154,008,027	152,288,979	151,975,049	163,889,113	175,104,223	187,160,903	229,507,091	245,139,168	248,111,465	274,259,439
Highways and streets	34,812,165	42,462,299	42,219,903	38,670,145	45,989,038	45,255,305	51,368,841	54,728,332	62,066,700	67,161,387
Health, education and welfare	30,336,420	28,127,691	28,001,020	28,343,056	34,304,166	39,722,480	40,299,077	35,597,718	37,919,675	37,042,326
Culture and recreation	22,167,818	23,412,948	22,121,336	25,590,117	32,225,574	27,315,451	35,213,973	35,834,512	35,908,061	33,613,224
Sanitation	35,604,394	35,049,546	38,505,086	48,721,810	41,467,081	48,521,434	56,605,864	55,025,011	62,775,074	68,870,497
Internal activity	-	-	-	-	-	-	-	-	-	616,776
Interest on long-term debt	15,176,682	14,519,382	14,301,921	12,911,436	12,362,411	11,162,756	13,385,794	15,493,678	13,277,652	14,178,476
Total governmental activities expenses	345,544,934	351,976,444	352,740,417	377,573,719	411,311,582	424,202,769	499,216,660	517,558,681	548,718,715	582,489,581
Business-type activities										
Health, education and welfare	550,801	517,052	496,017	494,722	561,813	544,808	573,854	566,864	609,486	645,452
Total business-type activities expenses	550,801	517,052	496,017	494,722	561,813	544,808	573,854	566,864	609,486	645,452
Total primary government expenses	\$ 346,095,735	\$ 352,493,496	\$ 353,236,434	\$ 378,068,441	\$ 411,873,395	\$ 424,747,577	\$ 499,790,514	\$ 518,125,545	\$ 549,328,201	\$ 583,135,033
Net Expense										
Governmental activities	\$(221,868,630)	\$(184,578,958)	\$(165,814,899)	\$(231,345,717)	\$(289,551,005)	\$(270,030,983)	\$(382,244,679)	\$(377,851,173)	\$(400,697,633)	\$(406,960,631)
Business-type activities	(44,987)	7,639	59,840	100,415	5,133	46,966	27,663	161,654	162,714	722,747
Total primary government net expense	\$(221,913,617)	\$(184,571,319)	\$(165,755,059)	\$(231,245,302)	\$(289,545,872)	\$(269,984,017)	\$(382,217,016)	\$(377,689,519)	\$(400,534,919)	\$(406,237,884)

Continued next page.

General Revenues and Other Changes in Net Position

Table 2

Governmental activities:
General revenues:

Property taxes	\$ 225,055,099	\$ 209,894,427	\$ 200,775,779	\$ 221,260,681	\$ 237,217,225	\$ 248,353,113	\$ 268,869,322	\$ 304,294,883	\$ 315,969,118	\$ 333,515,661
Public service company taxes	9,296,852	9,896,715	10,766,021	10,380,341	10,385,654	9,800,948	8,423,340	7,611,856	8,493,409	8,862,416
Public utility franchise taxes	9,415,624	11,065,112	11,087,369	10,792,967	10,824,278	9,004,330	7,950,750	8,331,390	9,441,986	9,364,811
Fuel taxes	7,603,501	8,293,200	6,352,944	7,373,475	7,632,973	7,933,810	8,288,676	13,342,416	17,343,326	20,108,062
General excise tax surcharge	-	-	-	-	-	-	-	-	12,518,126	35,537,945
Grants and contributions not restricted to										
specific programs	19,533,165	19,074,105	17,750,132	17,705,917	19,506,423	19,557,513	19,810,090	19,678,289	19,748,211	16,530,357
Investment earnings (loss)	609,617	230,804	(81,020)	815,606	671,363	316,593	661,184	1,841,356	3,420,693	3,220,862
Other	5,973,275	1,773,258	2,320,838	5,574,147	8,364,894	12,081,055	7,092,071	2,339,248	1,848,245	2,127,119
Total governmental activities	277,487,133	260,227,621	248,972,063	273,903,134	294,602,810	307,047,362	321,095,433	357,439,438	388,783,114	429,267,233

Business-type activities:
General revenues:

Investment earnings	2,997	5,641	1,416	1,739	1,299	1,912	1,243	5,561	8,234	5,193
Other	-	-	342,275	-	-	-	-	-	-	-
Total business-type activities	2,997	5,641	343,691	1,739	1,299	1,912	1,243	5,561	8,234	5,193
Total primary government	\$ 277,490,130	\$ 260,233,262	\$ 249,315,754	\$ 273,904,873	\$ 294,604,109	\$ 307,049,274	\$ 321,096,676	\$ 357,444,999	\$ 388,791,348	\$ 429,272,426

Changes In Net Position

Governmental activities	\$ 55,618,503	\$ 75,648,663	\$ 83,157,164	\$ 42,557,417	\$ 5,051,805	\$ 37,016,379	\$ (61,149,246)	\$ (20,411,735)	\$ (11,914,519)	\$ 22,306,602
Business-type activities	(41,990)	13,280	403,531	102,154	6,432	48,878	28,906	167,215	170,948	727,940
Total primary government changes in net position	\$ 55,576,513	\$ 75,661,943	\$ 83,560,695	\$ 42,659,571	\$ 5,058,237	\$ 37,065,257	\$ (61,120,340)	\$ (20,244,520)	\$ (11,743,571)	\$ 23,034,542

Unaudited - see accompanying independent auditors' report.

COUNTY OF HAWAII

Fund Balances, Governmental Funds
 (Modified accrual basis of accounting)

Last Ten Fiscal Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund:										
Nonspendable	\$ 2,835,361	\$ 3,304,551	\$ 3,492,464	\$ 3,794,963	\$ 3,573,745	\$ 5,774,378	\$ 5,561,433	\$ 6,714,871	\$ 7,297,830	\$ 8,187,482
Restricted	4,296,363	3,693,958	4,863,905	5,459,350	4,554,871	9,022,303	15,112,054	16,800,709	26,442,653	15,297,680
Committed	8,756,426	11,710,875	12,065,528	12,794,782	12,925,579	13,537,067	14,013,997	14,533,506	16,210,151	14,518,216
Assigned	17,960,596	21,840,843	24,832,390	31,673,075	30,933,049	25,518,510	13,059,474	19,876,560	23,117,329	45,992,917
Unassigned	10,809,404	8,176,727	8,694,320	1,824,889	164,148	-	-	3,114,478	3,119,779	862,773
Total general fund	44,658,150	48,726,954	53,948,607	55,547,059	52,151,392	53,852,258	47,746,958	61,040,124	76,188,742	84,859,068
All other Government Funds:										
Restricted	77,739,628	71,033,712	104,886,880	107,165,275	82,232,158	92,746,678	70,397,886	108,275,893	101,546,715	138,675,147
Committed	40,148,878	36,866,120	29,502,567	38,029,424	41,125,668	41,258,644	39,299,995	40,851,304	44,167,734	45,977,492
Assigned ¹	-	-	6,914,320	5,216,981	-	3,968,524	4,009,520	3,039,319	2,555,817	-
Unassigned	(3,609,332)	(10,258,317)	-	-	(14,958,045)	-	-	(35,855)	(22,597)	(18,472,707)
Total of other governmental funds	114,279,174	97,641,515	141,303,767	150,411,680	108,399,781	137,973,846	113,707,401	152,130,661	148,247,669	166,179,932
Total Fund Balances	\$ 158,937,324	\$ 146,368,469	\$ 195,252,374	\$ 205,958,739	\$ 160,551,173	\$ 191,826,104	\$ 161,454,359	\$ 213,170,785	\$ 224,436,411	\$ 251,039,000

Unaudited - see accompanying independent auditors' report.

¹ Amount for fiscal year 2014 has been changed for consistency.

Table 4

COUNTY OF HAWAII

Changes in Fund Balances, Governmental Funds
(Modified accrual basis of accounting)Last Ten Fiscal Years
(Amounts in thousands)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues:										
Property tax	\$216,511	\$208,231	\$201,201	\$223,482	\$236,190	\$249,054	\$266,517	\$301,699	\$313,631	\$327,886
Public service company tax	9,297	9,897	10,766	10,380	10,386	9,801	8,423	7,612	8,494	8,862
Fuel tax	7,603	8,293	6,353	7,373	7,633	7,934	8,289	13,342	17,343	20,108
Public utility franchise tax	9,416	11,065	11,087	10,793	10,824	9,004	7,951	8,331	9,442	9,365
Licenses and permits	15,097	15,790	15,991	19,618	22,046	22,432	22,932	24,066	24,653	25,155
General excise tax surcharge	-	-	-	-	-	-	-	-	12,518	35,538
Intergovernmental	93,748	100,867	79,912	75,257	86,272	85,173	79,220	90,025	101,627	113,632
Charges for services	16,416	16,885	17,055	19,392	20,357	21,672	21,708	23,553	27,516	30,080
Investment earnings (loss) ¹	510	406	(618)	1,704	716	614	632	1,592	4,148	3,481
Settlement contributions	-	-	12,500	-	-	-	-	-	-	-
Other	7,874	4,201	4,399	30,084	9,769	16,132	11,791	4,832	4,643	4,174
Total Revenues	376,472	375,635	358,646	398,083	404,193	421,816	427,463	475,052	524,015	578,281
Expenditures:										
Current:										
General government	34,251	35,088	33,360	36,679	40,805	40,488	40,819	41,571	41,800	47,383
Public safety	104,917	104,523	106,885	111,221	122,819	127,451	136,163	137,718	145,094	154,921
Highways and streets	17,114	17,338	17,923	20,270	20,984	22,479	20,329	21,401	27,448	27,962
Sanitation	28,424	29,511	30,672	29,949	31,464	34,015	38,671	39,352	43,815	43,758
Health, education and welfare	26,847	23,749	24,199	23,070	24,540	25,380	30,535	29,876	31,109	30,943
Culture and recreation	16,001	16,763	16,337	18,334	20,056	21,561	21,196	21,324	22,022	22,533
Pension and retirement contributions	27,284	27,773	29,816	33,032	38,485	41,359	43,718	49,494	53,137	61,813
Employees' health insurance	25,212	25,902	26,011	26,786	27,731	30,112	32,147	33,802	17,522	18,846
Other postemployment benefits	17,307	-	-	3,170	4,532	7,180	11,495	14,831	39,637	41,604
Other	4,758	4,183	2,991	3,238	4,686	3,931	3,839	4,622	4,314	8,742
Debt service:										
Principal	42,233	24,834	25,718	19,013	22,004	22,432	22,032	86,906	30,577	29,222
Interest	14,841	15,032	14,345	14,644	13,871	12,974	17,289	17,739	19,223	18,590
Capital outlay	87,782	71,220	48,565	51,369	79,398	144,288	111,109	41,924	51,897	79,536
Total Expenditures	446,971	395,916	376,822	390,775	451,375	533,650	529,342	540,560	527,595	585,853
Revenues over (under) Expenditures	(70,499)	(20,281)	(18,176)	7,308	(47,182)	(111,834)	(101,879)	(65,508)	(3,580)	(7,572)
Other Financing Sources (Uses):										
Sale of assets	6	153	1	10	25	66	21	23	47	10
Capital leases	47	2,521	1,307	14	1,971	3,389	3,769	3,809	6,777	2,822
State Revolving Fund loans	9,257	4,569	4,991	3,072	-	7,317	8,130	5,154	7,439	174
Sale of bonds	45,000	-	50,480	-	-	130,136	-	107,116	-	-
Issuance of bond anticipation notes (BANs)	-	-	-	-	-	-	59,800	-	-	-
Refunding bonds	-	-	47,510	-	-	106,254	-	48,784	-	-
Premium on bonds	2,078	-	17,570	-	-	23,174	-	5,998	-	-
Refunding bonds/BANs issuance costs	-	-	-	-	-	(508)	-	(276)	-	-
Payment to refunded bond escrow agent	-	-	(45,352)	-	-	(128,920)	-	(54,537)	-	-
Retirement of refunded debt	-	-	(9,635)	-	-	-	-	-	-	-
Reclass of debt from current to long-term	-	-	-	-	-	-	-	-	-	30,279
Transfers in	56,099	59,971	51,356	61,238	59,394	57,412	66,864	75,711	77,240	90,199
Transfers out	(56,099)	(59,971)	(51,356)	(61,238)	(59,394)	(57,412)	(66,864)	(75,711)	(77,240)	(90,199)
Total other financing sources	56,388	7,243	66,872	3,096	1,996	140,908	71,720	116,071	14,263	33,285
Net change in fund balances	\$ (14,111)	\$ (13,038)	\$ 48,696	\$ 10,404	\$ (45,186)	\$ 29,074	\$ (30,159)	\$ 50,563	\$ 10,683	\$ 25,713
Debt service as a percentage of noncapital expenditures	15.9%	12.3%	13.9%	10.0%	9.3%	9.1%	9.4%	20.9%	10.5%	9.1%

Unaudited - see accompanying independent auditors' report.

¹ Amount for fiscal year 2014 has been changed for consistency

Table 5

COUNTY OF HAWAII

Real Property Assessed Values by Classification and Tax Rates

Last Ten Fiscal Years
(Values in Thousands)

Fiscal Year	Class of Property	Value of Net Taxable Building	Building Tax Rates Per \$1000	Value of Net Taxable Land	Land Tax Rates Per \$1000	Value of Net Taxable Real Property
2011	Residential	\$3,040,977	\$ 9.10	\$3,787,185	\$ 9.10	\$6,828,162
	Apartment	2,660,600	9.85	1,144,873	9.85	3,805,473
	Hotel and Resort	820,418	9.85	690,834	9.85	1,511,252
	Commercial	713,161	9.10	908,741	9.10	1,621,902
	Industrial	454,868	9.10	594,589	9.10	1,049,457
	Agricultural & Native Forest	2,232,765	8.35	2,860,494	8.35	5,093,259
	Conservation	48,766	9.85	341,496	9.85	390,262
	Homeowners	2,479,437	5.55	2,573,527	5.55	5,052,964
	Affordable Rental Housing	108,290	5.55	57,821	5.55	166,111
		<u>\$12,559,282</u>		<u>\$12,959,560</u>		<u>\$25,518,842</u>
Fiscal year 2011 total direct rate \$8.39						
2012	Residential	\$2,849,965	\$ 9.10	\$3,549,133	\$ 9.10	\$6,399,098
	Apartment	2,772,190	9.85	1,147,288	9.85	3,919,478
	Hotel and Resort	771,971	9.85	601,800	9.85	1,373,771
	Commercial	676,465	9.10	837,094	9.10	1,513,559
	Industrial	446,247	9.10	563,710	9.10	1,009,957
	Agricultural & Native Forest	2,023,285	8.35	2,571,826	8.35	4,595,111
	Conservation	44,874	9.85	323,210	9.85	368,084
	Homeowners	2,480,038	5.55	2,524,611	5.55	5,004,649
	Affordable Rental Housing	142,899	5.55	79,498	5.55	222,397
		<u>\$12,207,934</u>		<u>\$12,198,170</u>		<u>\$24,406,104</u>

Fiscal year 2012 total direct rate \$8.52

Continued next page.

Table 5

Fiscal Year	Class of Property	Value of Net Taxable Building	Building Tax Rates Per \$1000	Value of Net Taxable Land	Land Tax Rates Per \$1000	Value of Net Taxable Real Property
2013	Residential	\$2,872,890	\$ 9.10	\$3,534,961	\$ 9.10	\$6,407,851
	Apartment	2,403,216	9.85	1,069,999	9.85	3,473,215
	Hotel and Resort	711,884	9.85	506,998	9.85	1,218,882
	Commercial	661,323	9.10	806,131	9.10	1,467,454
	Industrial	472,242	9.10	463,832	9.10	936,074
	Agricultural & Native Forest	2,067,097	8.35	2,425,798	8.35	4,492,895
	Conservation	41,505	9.85	287,375	9.85	328,880
	Homeowners	2,525,018	5.55	2,502,822	5.55	5,027,840
	Affordable Rental Housing	110,208	5.55	64,270	5.55	174,478
		<u>\$11,865,383</u>		<u>\$11,662,186</u>		<u>\$23,527,569</u>
Fiscal year 2013 total direct rate \$8.37						
2014	Residential	\$2,961,309	\$ 10.05	\$3,470,148	\$ 10.05	\$6,431,457
	Apartment	2,431,314	10.85	1,077,153	10.85	3,508,467
	Hotel and Resort	669,850	10.85	477,981	10.85	1,147,831
	Commercial	648,273	10.05	766,029	10.05	1,414,302
	Industrial	470,992	10.05	443,702	10.05	914,694
	Agricultural & Native Forest	2,105,481	9.25	2,365,245	9.25	4,470,726
	Conservation	36,902	10.85	255,602	10.85	292,504
	Homeowners	2,645,121	6.15	2,537,128	6.15	5,182,249
	Affordable Rental Housing	115,384	6.15	64,662	6.15	180,046
		<u>\$12,084,626</u>		<u>\$11,457,650</u>		<u>\$23,542,276</u>
Fiscal year 2014 total direct rate \$9.23						
2015	Residential	\$3,234,567	\$ 10.05	\$3,741,337	\$ 10.05	\$6,975,904
	Apartment	2,748,462	10.85	1,059,415	10.85	3,807,877
	Hotel and Resort	715,560	10.85	591,128	10.85	1,306,688
	Commercial	693,488	10.05	759,340	10.05	1,452,828
	Industrial	493,660	10.05	522,006	10.05	1,015,666
	Agricultural & Native Forest	2,277,788	9.25	2,416,357	9.25	4,694,145
	Conservation	41,991	10.85	238,545	10.85	280,536
	Homeowners	2,885,636	6.15	2,607,830	6.15	5,493,466
	Affordable Rental Housing	109,462	6.15	61,478	6.15	170,940
		<u>\$13,200,614</u>		<u>\$11,997,436</u>		<u>\$25,198,050</u>
Fiscal year 2015 total direct rate \$9.26						

Continued next page.

Table 5

Fiscal Year	Class of Property	Value of Net Taxable Building	Building Tax Rates Per \$1000	Value of Net Taxable Land	Land Tax Rates Per \$1000	Value of Net Taxable Real Property
2016	Residential	\$3,480,591	\$ 10.05	\$4,199,462	\$ 10.05	\$7,680,053
	Apartment	2,944,454	10.85	1,102,944	10.85	4,047,398
	Hotel and Resort	704,372	10.85	456,088	10.85	1,160,460
	Commercial	691,810	10.05	718,840	10.05	1,410,650
	Industrial	487,990	10.05	519,955	10.05	1,007,945
	Agricultural & Native Forest	2,358,086	9.25	2,540,590	9.25	4,898,676
	Conservation	45,651	10.85	242,363	10.85	288,014
	Homeowners	2,965,718	6.15	2,727,912	6.15	5,693,630
	Affordable Rental Housing	132,752	6.15	73,267	6.15	206,019
		<u>\$13,811,424</u>		<u>\$12,581,421</u>		<u>\$26,392,845</u>
016 total direct rate \$9.25						
2017	Residential	\$4,117,521	\$ 10.05	\$4,395,220	\$ 10.05	\$8,512,741
	Apartment	3,287,877	10.85	1,077,230	10.85	4,365,107
	Hotel and Resort	751,005	10.85	470,390	10.85	1,221,394
	Commercial	741,099	10.05	736,639	10.05	1,477,738
	Industrial	504,084	10.05	519,750	10.05	1,023,834
	Agricultural & Native Forest	2,746,489	9.25	2,636,805	9.25	5,383,295
	Conservation	52,668	10.85	249,458	10.85	302,126
	Homeowners	3,323,185	6.15	2,842,257	6.15	6,165,441
	Affordable Rental Housing	147,676	6.15	74,531	6.15	222,207
		<u>\$15,671,603</u>		<u>\$13,002,281</u>		<u>\$28,673,884</u>
Fiscal year 2017 total direct rate \$9.21						
2018	Residential	\$4,468,601	\$ 11.10	\$4,539,015	\$ 11.10	\$9,007,616
	Apartment	3,593,358	11.70	1,080,647	11.70	4,674,005
	Hotel and Resort	786,420	11.55	511,659	11.55	1,298,079
	Commercial	799,591	10.70	749,661	10.70	1,549,252
	Industrial	526,130	10.70	550,670	10.70	1,076,800
	Agricultural & Native Forest	2,877,993	9.35	2,696,501	9.35	5,574,494
	Conservation	53,807	11.55	275,149	11.55	328,956
	Homeowners	3,706,817	6.15	2,980,148	6.15	6,686,965
	Affordable Rental Housing	171,631	6.15	88,857	6.15	260,488
		<u>\$16,984,348</u>		<u>\$13,472,307</u>		<u>\$30,456,655</u>

Fiscal year 2018 total direct rate \$9.93

Continued next page.

Table 5

Fiscal Year	Class of Property	Value of Net Taxable Building	Building Tax Rates Per \$1000	Value of Net Taxable Land	Land Tax Rates Per \$1000	Value of Net Taxable Real Property
2019	Residential	\$4,787,668	\$ 11.10	\$4,686,016	\$ 11.10	\$9,473,684
	Apartment	3,659,492	11.70	1,059,752	11.70	4,719,244
	Hotel and Resort	825,366	11.55	539,060	11.55	1,364,426
	Commercial	816,696	10.70	756,976	10.70	1,573,672
	Industrial	551,480	10.70	558,490	10.70	1,109,970
	Agricultural & Native Forest	2,980,022	9.35	2,888,344	9.35	5,868,366
	Conservation	56,722	11.55	283,118	11.55	339,840
	Homeowners	4,142,156	6.15	3,179,725	6.15	7,321,881
	Affordable Rental Housing	168,101	6.15	86,808	6.15	254,909
		<u>\$17,987,703</u>		<u>\$14,038,289</u>		<u>\$32,025,992</u>
Fiscal year 2019 total direct rate \$9.88						
2020	Residential	\$5,619,312	\$ 11.10	\$5,261,866	\$ 11.10	\$10,881,178
	Apartment	3,796,518	11.70	991,947	11.70	4,788,465
	Hotel and Resort	819,804	11.55	522,042	11.55	1,341,847
	Commercial	812,096	10.70	785,018	10.70	1,597,114
	Industrial	560,205	10.70	583,820	10.70	1,144,025
	Agricultural & Native Forest	2,587,703	9.35	2,503,492	9.35	5,091,195
	Conservation	58,382	11.55	291,080	11.55	349,462
	Homeowners	4,600,974	6.15	3,355,127	6.15	7,956,101
	Affordable Rental Housing	196,741	6.15	97,347	6.15	294,088
		<u>\$19,051,735</u>		<u>\$14,391,739</u>		<u>\$33,443,474</u>

Fiscal year 2020 total direct rate \$9.85

Source: County of Hawai'i, Department of Finance, Real Property Tax Division

NOTES: Assessed value is at 100% of market value.

Property is reassessed annually.

The County Council sets the tax rates annually.

There are no overlapping property tax rates in the County of Hawaii.

The improved residential and unimproved residential classes were combined into a single class beginning with the fiscal years ending June 30, 2009.

Unaudited - see accompanying independent auditors' report.

COUNTY OF HAWAII

Principal Taxpayers

June 30, 2020 and 2010

Taxpayer	Business	Fiscal Year 2020				Fiscal Year 2010			
		2019 Assessed Valuation	Rank	Percentage of Total Assessed Valuation		2010 Assessed Valuation	Rank	Percentage of Total Assessed Valuation	
Kohanaiki Shores LLC	Developer	\$ 296,443,500	1	0.9%		\$ 76,408,900	8	0.3%	
Hilton Resorts Corp.	Timeshare	282,291,400	2	0.8%		87,810,800	7	0.3%	
Mauna Kea/Hapuna Beach Corps.	Developer/Hotel	175,118,000	3	0.5%		-		-	
Hualalai Investors LLC	Developer/Hotel	171,644,400	4	0.5%		216,994,300	3	0.9%	
Hilton Land Investment I LLC	Hotel	149,255,700	5	0.5%		224,278,600	2	0.9%	
DHL Mahi Opco LLC	Developer/Hotel	135,621,100	6	0.4%					
MAPS Orchid Hotel LLC	Hotel	127,282,600	7	0.4%					
SMG I Hotel Waikoloa LLC	Hotel	72,098,100	8	0.2%					
Raptor Residence LLC	Residential	74,278,800	9	0.2%					
Target Corporation	Retailer	66,098,500	10	0.2%					
Mauna Kea Development Corp	Hotels/Dev.					262,023,800	1	1.0%	
Orchid 09 LLC	Hotel					135,642,700	4	0.5%	
WB KD Acquisition LLC	Developer					113,006,000	5	0.4%	
Mauna Lani Resort Inc.	Developer/Hotel					103,201,700	6	0.4%	
Kona Village Investors LLC	Hotel					64,233,600	9	0.3%	
BRE/Waikoloa LLC	Hotel					59,705,400	10	0.2%	
		<u>\$ 1,550,132,100</u>		<u>4.6%</u>		<u>\$ 1,343,305,800</u>		<u>5.2%</u>	

Note: Gross valuation at January 1, 2019: \$33,443,473,564

Gross valuation at January 1, 2010: \$25,508,842,894

Source: County of Hawaii'i, Department of Finance, Real Property Tax Division

Unaudited - see accompanying independent auditors' report.

Table 7

COUNTY OF HAWAII

Property Tax Levies and Collections

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>*Current Tax Levy</u>	<u>*Current Tax Collections</u>	<u>*Percent of Levy Collected</u>	<u>*Delinquent Tax Collections</u>	<u>*Total Tax Collections</u>	<u>*Total Collections as Percent of Current Levy</u>	<u>*Outstanding Delinquent Taxes</u>	<u>*Outstanding Delinquent Taxes as Percent of Current Levy</u>
2011	215,729,273	208,106,918	96%	7,192,505	215,299,423	100%	429,850	0%
2012	204,868,717	198,274,186	97%	6,185,183	204,459,369	100%	409,348	0%
2013	197,043,064	191,154,491	97%	5,438,095	196,592,586	100%	450,478	0%
2014	217,269,825	211,711,407	97%	5,053,752	216,765,159	100%	504,666	0%
2015	233,255,919	227,211,277	97%	5,377,279	232,588,556	100%	667,363	0%
2016	244,067,210	237,882,513	97%	5,400,924	243,283,437	100%	783,773	0%
2017	266,398,351	259,074,405	97%	6,314,281	265,388,686	100%	1,009,665	0%
2018	302,488,275	292,626,959	97%	7,446,243	300,073,202	99%	2,415,073	1%
2019	316,411,763	308,509,000	98%	3,811,110	312,320,110	99%	4,091,653	1%
2020	329,582,761	322,150,258	98%	-	322,150,258	98%	7,432,503	2%

* Amounts reflect subsequent adjustments

Source: County of Hawai'i, Department of Finance, Real Property Tax Division

Unaudited - see accompanying independent auditors' report.

Table 8

COUNTY OF HAWAII
Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Business-Type Activities	Total Primary Government (a)	Component Unit		Total Primary Government		Total Primary Government and Component Unit	
	General Obligation Bonds (c)	State Revolving Fund Loans	Capital Leases	Bonds/Notes Payable		General Obligation Bonds	State Revolving Fund Loans	Percentage of Personal Income (b)	Per Capita (b)	Percentage of Personal Income (b)	Per Capita (b)
2011	306,079,506	36,555,264	3,057,082	884,232	346,576,084	44,673,293	18,012,314	5.67%	1,851	6.69%	2,186
2012	286,168,549	29,050,626	3,803,618	851,306	319,874,099	42,481,176	17,872,813	5.06%	1,691	6.02%	2,010
2013	332,675,519	20,882,283	3,632,420	1,296,633	358,486,855	40,179,834	12,911,310	5.48%	1,879	6.29%	2,157
2014	318,138,520	22,928,638	2,308,241	1,208,300	344,583,699	38,644,257	13,658,717	5.09%	1,774	5.86%	2,044
2015	297,957,249	21,552,213	2,981,709	1,111,392	323,602,563	36,383,553	12,591,409	4.58%	1,647	5.27%	1,897
2016	413,986,312	27,463,251	4,916,178	1,014,014	447,379,755	34,407,006	25,528,470	5.87%	2,254	6.66%	2,556
2017	391,580,924	32,625,277	6,565,580	924,649	431,696,430	29,861,558	33,756,825	5.36%	2,154	6.15%	2,472
2018	471,743,088	35,647,870	8,112,577	807,005	516,310,540	29,163,790	45,359,733	6.05%	2,569	6.93%	2,940
2019	440,439,527	39,693,594	11,579,332	697,777	492,410,230	24,769,159	44,326,655	5.79%	2,444	6.39%	2,786
2020	412,438,548	37,367,712	10,771,109	582,961	461,160,330	22,198,633	42,909,525	N/A	N/A	N/A	N/A

NOTES:

(a) Includes governmental activities and business-type activities.

(b) See Table 11 for personal income and population data.

(c) Amounts have been changed for consistency.

Details regarding the County's outstanding debt can be found in the notes to the basic financial statements.

Unaudited - see accompanying independent auditors' report.

Table 9

COUNTY OF HAWAII

Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Debt Applicable to Legal Debt Margin (a)</u>	<u>Percent of Net Taxable Property Value (b)</u>	<u>Per Capita (c)</u>
2011	305,615,691	1.2%	1,636
2012	317,699,844	1.3%	1,679
2013	315,676,941	1.3%	1,654
2014	298,709,020	1.3%	1,538
2015	312,632,049	1.2%	1,592
2016	362,963,113	1.4%	1,829
2017	405,488,342	1.4%	2,024
2018	414,446,063	1.4%	2,062
2019	425,153,552	1.3%	2,110
2020	315,676,941	0.9%	N/A

NOTES:

(a) See Table 10 for debt applicable to legal debt margin.

(b) See Table 5 for net taxable property values.

(c) See Table 11 for population data.

Details regarding the County's outstanding debt can be found in the notes to the basic financial statements.

Unaudited - see accompanying independent auditors' report.

Table 10

COUNTY OF HAWAII

Legal Debt Margin Information

Last Ten Fiscal Years
(Amounts in thousands)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt limit (a)	\$3,827,826	\$3,660,916	\$3,529,135	\$3,531,341	\$3,779,708	\$3,958,927	\$4,301,083	\$4,568,498	\$ 4,803,899	\$ 5,016,521
Debt applicable to limit	315,616	317,700	315,677	298,709	312,632	362,963	405,488	414,446	425,154	315,677
Legal debt margin (b)	<u>\$3,512,210</u>	<u>\$3,343,216</u>	<u>\$3,213,458</u>	<u>\$3,232,632</u>	<u>\$3,467,076</u>	<u>\$3,595,964</u>	<u>\$3,895,595</u>	<u>\$4,154,052</u>	<u>\$ 4,378,745</u>	<u>\$ 4,700,844</u>
Debt applicable to the limit as a percentage of debt limit	8.25%	8.68%	8.94%	8.46%	8.27%	9.17%	9.43%	9.07%	8.85%	6.29%

NOTES:

- (a) State finance statutes limit the County's outstanding general debt to no more than 15 percent of the net assessed value of property. See Table 5 for net assessed value of property.
 (b) The legal debt margin is the County's available borrowing authority under state finance statutes and is calculated by subtracting the net debt applicable to the legal debt limit from the legal debt limit.

Legal Debt Margin Calculation for Fiscal Year 2020

Net assessed value	<u>\$33,443,474</u>
Debt limit (15% of net assessed value)	\$ 5,016,521
Debt applicable to limit	<u>315,677</u>
Legal debt margin	<u>\$ 4,700,844</u>

Unaudited - see accompanying independent auditors' report.

Table 11

COUNTY OF HAWAII

Demographic and Economic Statistics

Last Ten Fiscal Years

<u>Fiscal Year Ended June 30,</u>	<u>*Resident Population as of July 1</u>	<u>*Personal Income (thousands of dollars)</u>	<u>*Per Capita Personal Income</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
2010	185,381	\$ 5,717,885	\$ 30,844	29,741	10.0%
2011	187,229	\$ 6,114,237	\$ 32,656	30,103	9.7%
2012	189,191	\$ 6,348,657	\$ 33,398	30,314	8.3%
2013	190,821	\$ 6,544,583	\$ 34,297	33,948	6.6%
2014	194,190	\$ 6,771,329	\$ 34,870	29,985	6.5%
2015	196,428	\$ 7,067,347	\$ 35,979	29,865	5.2%
2016	198,449	\$ 7,618,924	\$ 38,392	29,753	4.7%
2017	200,381	\$ 8,053,011	\$ 40,188	29,666	3.5%
2018	201,509	\$ 8,509,388	\$ 42,228	29,601	3.7%
2019	201,513	\$ 8,781,599	\$ 43,578	29,609	4.2%

* Amounts reflect subsequent adjustments

Source: County of Hawai'i, Department of Research and Development, Bureau of Economic Analysis,
State of Hawaii Department of Labor, State of Hawaii DOE and University of Hawaii Hilo

Unaudited - see accompanying independent auditors' report.

Table 12

COUNTY OF HAWAII

Principal Employers, County of Hawaii

June 30, 2020 and 2010

<u>Employer</u>	2020			2011		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
State of Hawai'i	11,000	1	15.2%	8,063	1	10.7%
County of Hawai'i	2,700	2	3.7%	2,663	2	3.5%
Four Seasons Resort Hualalai	1,300	3	1.8%	550	8	0.7%
United States Government	1,300	4	1.8%	1,421	3	1.9%
Mauna Kea and Hapuna Prince Resorts and Mauna Kea Services	1,100	5	1.5%			
Hilton Waikoloa Village	920	6	1.3%	881	4	1.2%
KTA Super Stores	850	7	1.2%	700	6	0.9%
The Fairmont Orchid, Hawai'i	700	8	1.0%	618	7	0.8%
Waikoloa Beach Marriott Resort & Spa	313	9	0.4%			
Securitas Security Services, USA Inc	296	10	0.4%			
Wal-Mart				770	5	1.0%
Mauna Kea Beach Hotel				550	9	0.7%
Mauna Lani Resort (Operations), Inc.				529	10	0.7%
Total	<u>20,479</u>		<u>28.3%</u>	<u>16,745</u>		<u>22.1%</u>
Total employee count			<u>72,450</u>			<u>75,150</u>

Source: County of Hawai'i, Department of Research and Development

State of Hawai'i, Hawai'i Workforce Infonet: <https://www.hiwi.org>

United State Department of Labor, Bureau of Labor Statistics: <https://www.bls.gov/regions/west/news-release>

Pacific Business News, "Employers, Big Island" Issue date: 10/16/2020

COUNTY OF HAWAII
Full-Time Equivalent County Government Employees by Function
 Last Ten Fiscal Years

<u>Function</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
General government:										
County Council	9.00	9.00	9.00	9.00	9.00	9.00	9.00	8.00	9.00	9.00
County Clerk	53.00	54.00	52.50	46.40	53.16	54.56	54.16	51.16	52.68	52.56
Legislative Auditor	5.00	4.75	3.75	5.00	5.00	5.00	5.00	4.00	5.00	5.00
Mayor	21.99	18.50	16.00	18.75	19.47	17.48	16.99	16.99	18.74	17.00
Corporation Counsel	29.00	29.00	27.00	28.00	25.00	23.00	26.00	26.00	26.00	25.00
Finance	121.89	123.35	131.37	134.98	134.49	131.49	151.00	153.49	152.46	133.00
Human Resources	25.49	25.48	24.00	24.49	25.49	25.49	25.49	23.49	24.80	23.00
Planning	49.49	48.00	50.00	51.00	50.00	53.00	56.00	53.00	60.00	66.00
Research & Development	14.00	12.00	12.00	11.49	14.49	16.00	14.49	12.00	14.00	14.00
Information Technology	16.00	16.00	16.00	22.00	19.00	19.00	21.00	20.00	18.00	17.00
Public Works Admin & Building	158.84	155.48	155.50	162.49	164.28	167.49	172.49	167.75	170.49	195.00
Public Safety:										
Police	565.99	541.25	548.98	567.23	564.50	564.75	572.00	550.50	553.00	559.25
Fire	414.08	391.28	418.57	429.57	436.57	433.07	434.58	425.57	441.07	460.57
Liquor Control	14.00	15.00	14.00	14.00	13.00	16.00	17.00	17.00	15.50	15.00
Civil Defense	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	8.00
Prosecuting Attorney	99.00	91.49	99.49	98.97	105.97	108.97	108.97	110.49	110.00	102.49
Highways and Streets:										
Mass Transit	7.00	7.00	8.00	11.00	11.00	12.00	10.00	12.00	13.00	16.00
Traffic and Highways	176.48	178.48	176.48	173.48	175.48	175.48	177.48	187.48	189.48	188.00
Sanitation:										
Administration	18.49	17.00	17.00	19.49	19.49	17.98	19.98	18.98	19.00	18.98
Sewer	47.49	47.49	46.00	44.49	47.49	46.49	45.49	48.49	47.49	52.97
Vehicle Disposal	2.00	2.00	4.00	1.00	2.00	2.00	2.00	3.00	2.00	2.48
Solid Waste	95.00	99.00	98.00	103.50	103.00	104.00	102.00	103.00	101.00	110.00
Health, Education and Welfare:										
Housing	47.48	43.48	41.00	43.00	46.00	46.00	47.00	48.00	48.00	50.00
Aging	12.00	13.00	11.00	12.00	9.00	13.00	15.00	16.00	14.50	15.50
Culture and Recreation	380.74	370.15	370.87	352.14	362.40	356.84	369.29	372.33	378.50	415.19
Total	2,390.45	2,319.18	2,357.51	2,390.47	2,422.28	2,425.09	2,479.41	2,456.72	2,491.71	2,570.99

Source: County of Hawai'i, Department of Finance

Unaudited - see accompanying independent auditors' report.

Table 14

COUNTY OF HAWAII
Operating Indicators by Function
Last Ten Fiscal Years

Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Public Safety:										
Police:										
DUI arrests	1,468	1,403	1,176	1,351	1,035	1,113	1,083	1,170	1,081	952
Traffic citations issued	61,947	60,967	49,292	63,921	60,016	67,289	69,611	68,535	37,305	34,454
Fire:										
Fire responses	731	684	654	671	700	700	731	811	832	881
Emergency medical/rescue responses	15,726	16,361	16,454	15,968	18,750	17,834	17,178	18,005	17,884	18,048
Inspections - Occupancy/Fire Protective Equipment	3,021	2,050	1,463	1,687	1,262	1,000	1,298	951	597	699
Sanitation:										
Refuse disposed (tons per year)	166,455	152,949	153,581	166,890	179,033	188,758	195,162	224,196	223,823	207,172
Highways and Streets:										
In-house street resurfacing (miles)	18	20	20	17	6	21	24	13	36	0
Parks and Recreation:										
Pavilion permits issued	4,667	2,805	2,775	2,708	2,482	2,552	2,513	2,417	1,951	1,259
Camping permits issued	4,019	4,450	5,175	4,261	6,207	6,688	7,345	8,394	6,910	5,769
Rounds of golf	83,358	72,162	71,352	71,568	65,093	57,325	58,874	58,504	57,488	48,704
Zoo attendance	172,677	213,537	245,715	220,323	214,249	251,436	264,415	269,453	283,807	208,384
Transit:										
Bus passengers	1,149,042	1,315,222	1,269,550	920,280	944,738	874,424	766,472	742,250	511,412	416,747
Public Works:										
Building permits issued	3,039	3,258	4,754	4,797	5,494	4,833	3,214	3,672	4,009	3,245
Electrical permits issued	3,821	4,080	5,137	5,313	5,645	4,232	3,509	4,077	3,766	3,919
Plumbing permits issued	2,071	1,749	2,001	1,664	1,897	1,819	1,801	1,914	1,891	1,998
Sign permits issued	58	55	52	57	44	47	39	45	51	35

Source: County of Hawai'i, Individual Departments

Unaudited - see accompanying independent auditors' report.

Table 15

COUNTY OF HAWAII
Capital Asset Statistics by Functions
 Last Ten Fiscal Years

Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Public Safety:										
Police:										
Stations	8	8	8	8	8	8	8	8	7	7
Substations	10	10	8	8	8	10	10	10	11	7
Fire stations	20	20	20	21	21	21	21	21	20	20
Highways and Streets:										
County streets (miles)	946	954	945	961	956	956	991	990	1,000	1,002
Streetlights	9,864	9,883	9,939	10,165	10,366	10,655	10,771	11,310	11,331	11,472
Parks and Recreation:										
Parks	143	144	145	145	146	147	151	151	151	151
Gyms and recreation centers	61	62	62	62	62	62	65	65	65	65
Sanitation:										
Sanitary sewers (miles)	111*	112*	112*	105*	105*	105*	105*	105*	105*	106*

*GIS database utilized beginning FY 2008

Source: County of Hawai'i, Department of Research and Development

Unaudited - see accompanying independent auditors' report.